DOCUMENT RESUME

ED 280 565 PS 016 359

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|---|---|
| TITLE | The Chairman's Report on Children in America: A Strategy for the 100th Congress. Volume II. Committee on Education and Labor, House of Representatives, 99th Congress, 2d Session. |
| INSTITUTION | Congress of the U.S., Washington, D.C. House Committee on Education and Labor. |
| PUB DATE | 24 Oct 86 |
| NOTE | 121p.; Serial No. 99-U.; For volume I, see ED 276 527. |
| AVAILABLE FROM | Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402 (Stock No. 552-070-01492-6, $3.50). |
| PUB TYPE | Legal/Legislative/Regulatory Materials (090) -- Reports - Descriptive (141) |
| EDRS PRICE | MF01/PC05 Plus Postage. |
| DESCRIPTORS | *Childrens Rights; Community Involvement; *Education; *Employment; *Environment; Federal Legislation; *Federal Programs; Financial Support; *Health; Nutrition; Participant Characteristics; Program Descriptions |
| IDENTIFIERS | *Legislative History |

ABSTRACT

This report, the second of two volumes, provides descriptions and legislative histories of Federal programs that affect the rights of children to education of high quality, opportunities for self-sufficiency, healthy bodies, and safe and liveable environments. Programs and related legislation are grouped under the headings of these four rights. Usually included in each program profile is information concerning program purpose and history, funding mechanisms, recipients who benefit, provisions for community involvement, and a summary of funding levels. Other information occasionally included concerns legislative proposals, services provided, eligibility, and payment mechanisms. While the list of programs described is not comprehensive, those included specifically address the rights every child should have. (RH)

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# THE CHAIRMAN'S REPORT

ON

# CHILDREN IN AMERICA: A STRATEGY FOR THE 100TH CONGRESS

## VOLUME II

## COMMITTEE ON EDUCATION AND LABOR
## HOUSE OF REPRESENTATIVES
99TH CONGRESS, 2D SESSION

OCTOBER 24, 1986

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**Serial No. 99-U**

Printed for the use of the Committee on Education and Labor
AUGUSTUS F. HAWKINS, *Chairman*

U.S. GOVERNMENT PRINTING OFFICE
63-899 O WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
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# I. INTRODUCTION

Volume I of this report provides a strategy for the 100th Congress aimed at improving the lives of children and their families. Volume II provides descriptions and legislative histories of Federal programs that affect the rights of children to quality education, opportunities for self-sufficiency, healthy bodies, and safe and liveable environments. Although the list is not comprehensive, the programs included specifically address rights that every child should be afforded.

## II. FEDERAL PROGRAM DESCRIPTIONS

### A. A RIGHT TO QUALITY EDUCATION

#### 1. Head Start: Human Services Reauthorization Act of 1986 (P.L. 99-425)

*PROGRAM PURPOSE AND HISTORY*:

The Head Start program was created under the Economic Opportunity Act of 1964 (P.L. 88-452). It was reauthorized under the Head Start Act of 1981 (P.L. 97-35) and was amended by the Human Services Reauthorization Act of 1984 (P.L. 98-558). It is currently authorized through FY 1990 by the Human Services Reauthorization Act of 1986. The program is administered by the Department of Health and Human Services (DHHS).

Project Head Start was enacted as part of President Lyndon B. Johnson's War on Poverty. Reports indicated that children of families living in poverty were more likely to suffer from health and nutrition problems, and have a lower level of educational performance than their higher income peers. The initial pilot program was created to assist 100,000 children over the summer months who entered school in the fall of 1965. However, the project generated so much interest in communities nationwide that over 500,000 children were enrolled in the program that first year.

Head Start provides services to improve the social and learning skills and the nutrition and health status of economically disadvantaged children before they enter school. Programs must provide for comprehensive services, including medical, nutritional, dental, and social services; parental involvement; and educational programs and materials.

Studies have been conducted to determine the effectiveness of Head Start. The results of these studies indicate that children who receive educational and other services in the Head Start preschool program demonstrate improved academic and learning achievement. It should be noted that the Follow Through program is designed to promote the continued development of children who formerly participated in Head Start when they reach school age.

*FUNDING MECHANISM*:

Eighty-seven percent of Head Start funds are distributed through State education agencies (SEA's) to local Head Start agencies, based in part on the number of children under five years of age who live below the poverty line and the number of recipients of Aid to Families with Dependent Children (AFDC). Head Start programs may be operated by local public agencies, school systems, or private nonprofit organizations. Thirteen percent of program funds are reserved by the Secretary (DHHS) for programs serving Indian

and migrant children; services to disabled children; payments to U.S. territories; and training and technical assistance.

There are approximately 1,300 Head Start programs in operation. Grant recipients must provide 20% of program costs, however, the Secretary may waive the requirements for matching funds.

*RECIPIENTS WHO BENEFIT*:

Head Start serves children up through the age of compulsory school attendance, with the majority of participants three and four years old. At least 90% of the participants must be from low-income families. Up to 10% of the children served may be from families above the poverty guidelines. Small, remote communities may serve a higher percentage of children from higher income families. States must reserve at least 10% of their slots for disabled children. In program year 1984-1985, 12.2% of Head Start enrollees were disabled children. Black children comprise 40% of Head Start participants, 32% are white, 21% are Hispanic, and the remaining 7% are American Indian and Asian.

Head Start has served nearly 10 million children since its inception in 1965. However, only 17-18% of eligible low-income children are currently served by the program. The number of children enrolled annually in Head Start peaked during the first five years of the program, with a high of 733,000 participants, including full-year and summer enrollment in 1966. Currently, about 452,000 full-year children are enrolled in Head Start. Hundreds of thousands of children are on waiting lists for Head Start programs.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Parental involvement is required in various aspects of the program. Many Head Start parents volunteer to assist with operating programs and about 30% of Head Start staff are parents of current or former program participants.

Head Start programs may be based at centers or homes, so that families may receive services in their homes. Programs must provide for interaction between staff and families of participating children.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $735.0 |
| 1981 | 818.7 |
| 1982 | 911.7 |
| 1983 | 912.0 |
| 1984 | 995.8 |
| 1985 | 1,075.1 |
| 1986 | 1,087.0 |
| 1986 (Gramm-Rudman sequester) | 1,040.0 |

## 2. Chapter 1 Basic State Grant Program: The Education Consolidation and Improvement Act (ECIA) of 1981 (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY*:

Chapter 1 provides supplemental funds to local school districts to develop and implement compensatory educational programs and related services for educationally disadvantaged children residing in low-income areas. Chapter 1 funds also are provided to State education agencies (SEA's) for similar programs for children of migratory workers and fishermen, disabled children, and for neglected and delinquent children residing in institutions.

Chapter 1 was originally Title I of the Elementary and Secondary Education Act (ESEA) of 1965 (P.L. 89-10, as amended). The landmark ESEA represented an unprecedented national effort to raise the academic achievement level of educationally disadvantaged children. Over the past 20 years, this Act, and Title I/Chapter 1, have enhanced educational opportunities for millions of educationally disadvantaged children.

In 1981, the Reagan Administration attempted to replace Title I with a noncategorical block grant. Congress rejected this proposal and, instead, created Chapter 1 of the ECIA. While many of the programs authorized under Title I were simplified, the stated intent of the legislation remained the same.

The passage of the ECIA signaled a significant change in the responsibilities of the Federal, State, and local governments for administering Federally funded education programs. With overall authority and responsibility being shifted away from the Federal Government, State education agencies (SEA's) were given greater responsibility for program administration, and local education agencies (LEA's) were charged with greater responsibility for program design and implementation. Requirements for monitoring local Chapter 1 programs also were relaxed under the ECIA.

Approximately 85% of Chapter 1 services are in remedial reading, mathematics, and language arts. Chapter 1 funds also are used for programs in science, English as a second language, and services for disabled children. Numerous studies in the past decade have demonstrated that Title I/Chapter 1 has been effective in improving the academic performance of educationally disadvantaged children who participate in the programs. Title I programs have been a primary factor in narrowing the gap in reading skills between black elementary and secondary school students and their peers. Title I students consistently make significant achievement gains in reading and mathematics each year.

*FUNDING MECHANISM*:

Chapter 1 funds are allocated to SEA's in the form of basic grants, based on the number of school-age children in low-income families plus neglected, delinquent, and certain AFDC children, multiplied by a cost factor based on the State average per pupil expenditure (basic State agency grants are based on the relevant population for each program times the cost factor). The SEA's then distribute most of these funds to LEA's which qualify for Chapter 1 assistance. The State agencies retain a portion of their basic grant for administrative purposes and for programs which serve disabled

children, migrant children, and delinquent and neglected children in State operated institutions.

Of the 16,000 local school districts nationwide, 14,000 receive Chapter 1 funds to establish compensatory education programs. LEA's must submit an application for funds to the SEA for approval and are required to consult parents and teachers about the design and implementation of Chapter 1 programs and projects.

LEA's also are guided in their use of funds by three principles under the law. An LEA must maintain its general education programs each year at a specified level (90% of the preceding year's amount), or its Chapter 1 grant will be reduced. Chapter 1 funds must be used to supplement, not replace, services which would normally be provided with State and local funds. Finally, LEA's must insure comparability among all schools in the district, whether or not they are Chapter 1 eligible, in terms of curriculum, instructional supplies, and assignment of teachers and other school personnel.

*RECIPIENTS WHO BENEFIT:*

Chapter 1 funds may only be used for programs and projects which meet the special educational needs of disadvantaged children from low-income families. Recipients of Chapter 1 services are fairly evenly distributed between rural areas, small cities, and large urban areas.

According to the U.S. Department of Education, the Chapter 1 basic grant program served 4.85 million children, attending both public and private schools, in school year 1983-1984. This figure represents a decline of 560,000 participants from the 1979-1980 school year. The decline in the number of children served under Chapter 1 can be attributed, in substantial part, to reductions in funding levels. While the funding level has increased 14.7% in current dollars from FY 1980-1985, it has declined 18.6% when the figures are adjusted for inflation (constant dollars). Faced with funding cuts in real terms, LEA's may choose to respond by serving fewer children, providing fewer services, or a combination of both. The decline in the number of children served by Chapter 1 has occurred during a period when the number of children living in poverty has steadily increased each year (these were annual increases from 1979 to 1983, but a slight decline from 1983 to 1984).

About one-half of the children receiving Chapter 1 services are white, one-third are black, and between one-fifth and one-fourth are Hispanic. Despite the millions of children who benefit from Chapter 1 programs, fewer than one-half of the children eligible for such services participate in the program.

The SEA's retain a portion of their Chapter 1 allocation to administer three programs which serve a total of about 776,000 children. These programs—for migrant children, neglected and delinquent children, and disabled children—are discussed separately in this report.

*PROVISIONS FOR COMMUNITY INVOLVEMENT:*

Under the ECIA, LEA's must consult parents about the design and operation of compensatory education programs under Chapter 1. School districts are required to hold annual public meetings to explain Chapter 1 programs and activities to parents. The provi-

sion for parental involvement, however, is much weaker than previous requirements for such involvement. Under the ESEA, Parent Advisory Councils (PAC's) were mandated to help in the planning, development, and operation of the local Title I program; PAC members were given information and training by the school district to assist them. Without a specific mandate under current law, organized parental involvement has declined significantly in some of the States. Nevertheless, many parents continue to be involved in Chapter 1 programs as tutors and classroom aides.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* [1] | *Appropriation (in thousands)* |
|---|---|
| 1980 | $3,215,593 |
| 1981 | 3,104,317 |
| 1982 | 3,033,969 |
| 1983 | 3,200,394 |
| 1984 | 3,480,000 |
| 1985 | 3,688,163 |
| 1986 (Gramm-Rudman sequester) | 3,529,572 |

[1] Funds for State and local educational agencies become available for obligation on July 1 of the indicated fiscal year, and remain available through Sept. 30 of the following fiscal year.

### 3. Effective Schools Program

*PROGRAM PURPOSE AND HISTORY*:

For over 15 years university scholars, working with school personnel, have examined schools that are effectively teaching children. Their research has generated impressive evidence which describes the characteristics of effective schools. The premise underlying the concept of effective schools is that the quality of a school's programs and organizational structure can make a difference in a child's educational achievement regardless of background or family economic circumstances; in short, that all children are educable.

The effective schools research has identified common characteristics which differentiate effective schools from ineffective schools. These characteristics include: (1) strong administrative leadership; (2) orderly and safe school atmosphere; (3) high expectation for student academic achievement; (4) strong emphasis on the acquisition of basic academic skills; and (5) regular evaluations of student progress.

In schools and school systems which have instituted improvement programs, based on effective schools principles, students have increased their academic achievement and learning. This is especially true for schools serving minority, poor, and educationally disadvantaged children. Effective schools also have had a positive impact on student behavior, curriculum change, teacher effectiveness, and school organization.

*LEGISLATIVE PROPOSALS*:

*H.R. 4463, The Effective Schools and Ever. Start Act*

Based on the promising results of implementing effective schools principles, H.R. 747, the Effective Schools Development in Educa-

tion Act, was introduced at the start of the 99th Congress. The purpose of H.R. 747 was to encourage and assist State and local education agencies in broadening and improving their effective schools programs by providing matching Federal grants. The grants would be used to support efforts such as training programs and workshops for school personnel and parents; developing and distributing effective schools materials; establishing data collection systems; and promoting awareness of effective schools programs. H.R. 747 was merged with H.R. 2535, the Even Start Act, which established pilot programs for adult literacy of parents of preschool children. The new bill, H.R. 4463, passed the House of Representatives on June 17, 1986.

4. CHAPTER 1 STATE AGENCY PROGRAMS FOR MIGRANT CHILDREN: THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT (ECIA) OF 1981 (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY*:

The migrant education program originally was authorized under Title I of the Elementary and Secondary Education Act (ESEA) of 1965. Children of migrant workers generally are victims of poverty and English language deficiencies. Inadequate housing and a lack of regular health care are additional problems faced by migrant children and their families. The migrant education program provides a variety of supplemental instructional programs during the school year and summer months, in an effort to ensure some continuity in the education and health care of migrant children. Funds are also used to identify migrant children, assess their educational and other needs, set up resource centers, encourage parental involvement in the program, and track education and health information on migrant children through a national data bank.

*FUNDING MECHANISM*:

The funds are allocated to States on the basis of the number of full-time equivalent migrant students between the ages of 5 and 17. The funds then are generally distributed through the SEA's to local school districts. SEA's may operate programs through arrangements with public or private nonprofit agencies, as well.

*RECIPIENTS WHO BENEFIT*:

The migrant education program serves migratory children up to the age of 21, with the majority of recipients in the 5-17 age group. Eligible students include those who currently are migratory and those who are "settled-out" for a period of up to five years. In school year 1983-1984, more than 400,000 children between the ages of 5 and 17 participated in the program. About 70% of migrant children are Hispanic, 13% are white, and 17% are black.

*SUMMARY OF FUNDING LEVELS*:

Funding for migrant education has remained relatively stable over the past five years. Although the appropriation dropped from a high of $266.4 million in FY 1981, the decline was due in part to a limit placed on the percentage of total Chapter 1 funds which could be used by the States for non-basic grant programs from FY

1982-1984. The appropriation for FY 1986 is $264.5 million, the same as in FY 1985.

5. CHAPTER 1 STATE AGENCY PROGRAMS FOR NEGLECTED AND DELINQUENT CHILDREN: THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT (ECIA) OF 1981 (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY*:

The provisions for State agency programs for neglected and delinquent children were added to Title I of the Elementary and Secondary Education Act (ESEA) of 1965 under P.L. 89-750 in November 1966, with grants first awarded for FY 1967. Efforts to increase academic achievement among this group have been particularly difficult because children are so transient due to brief stays in institutions. Program funds most often are used to provide for facilities, equipment, and teacher salaries. Instruction in language arts and English for limited-English proficient students also may be offered.

The few studies which have evaluated the programs for neglected and delinquent children have been particularly critical of the lack of transition services available to participants who subsequently leave an institution. The Education Amendments of 1978 authorized a special transition program in recognition of this missing link; however, funds were appropriated for these services in FY 1981 and 1982.

*FUNDING MECHANISM*:

SEA's are not responsible for the education of neglected and delinquent children. These children are counted under the Chapter 1 basic grant program for educationally disadvantaged children, through which funds are distributed to the local education agencies (LEA's).

Some neglected and delinquent children live in State institutions. Their education is the responsibility of the SEA, and these children are counted and served by the State agency program, which is financially and administratively separate from LEA basic grants. Other neglected and delinquent children are the responsibility of LEA's. They are counted and served under the LEA basic grant program.

*RECIPIENTS WHO BENEFIT*:

Educationally disadvantaged youth under age 21 in institutions for the neglected and delinquent, including adult correctional institutions are eligible for this program. The majority of these children are in institutions for delinquent youth; about one-third are in adult facilities and a small percentage reside in institutions for neglected youth. The average Chapter 1 participant is 16.5 years of age, with an average educational achievement level at the 4th to 5th grade level.

About 65,000 neglected and delinquent children currently are being served under this program. However, according to a 1980 study commissioned by the Department of Education, only 52% of the eligible youth are receiving services.

*SUMMARY OF FUNDING LEVELS*:

Funding for State agency neglected and delinquent children programs reached its peak FY 1982, with an appropriation of almost $34 million. Since FY 1983, the appropriation has remained constant at $32.6 million. However, when funding for this program is adjusted for inflation based on 1967 dollars, the FY 1985 appropriation is only 46% as high as the FY 1973 funding level.

| *Fiscal year* | *Appropriation* |
|---|---|
| 1980 | $33,182,207 |
| 1981 | 32,391,655 |
| 1982 | 33,975,000 |
| 1983 | 32,616,000 |
| 1984 | 32,616,000 |
| 1985 | 32,616,000 |
| 1986 | 31,214,000 |

6. FOLLOW THROUGH ACT: HUMAN SERVICES REAUTHORIZATION ACT OF 1986 (P.L. 99-425)

*PROGRAM PURPOSE AND HISTORY*:

The Follow Through program, originally authorized under the Economic Opportunity Act Amendments of 1967, was phased into the State block grant under Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA). Follow Through was reauthorized under the Human Services Reauthorization Act of 1984 (P.L. 98-558) and then reauthorized through 1990 under the Human Services Reauthorization Act of 1986 (P.L. 99-425). The program is administered by the Department of Education.

The primary focus of Follow Through is elementary school children from low-income families who were previously enrolled in Head Start or similar preschool programs. Follow Through programs provide comprehensive educational, health, social, and nutritional services to eligible students, to promote their continued development once they reach school age. Grants also may be awarded to local education agencies (LEA's) which serve as resource centers to promote dissemination of Follow Through information, techniques, and concepts. There are also technical assistance grants to higher education institutions. In addition, the Secretary of Education may provide funds for research, pilot projects, training, and technical assistance.

*FUNDING MECHANISM*:

Follow Through grants are awarded by the Department of Education directly to the LEA's. Grant recipients are required to provide 20% of program costs, either in cash or in the form of services, facilities, or the like. In school year 1984-1985, 59 LEA's received grants to implement Follow Through programs. In addition, 16 LEA's were given funding to serve as resource centers and 15 grants were awarded to university sponsors to develop innovative programs.

*RECIPIENTS WHO BENEFIT*:

The Follow Through program is directly serving approximately 20,000 children from low-income families. Students who are not from low-income families may be included in programs, but only when their participation does not reduce the number of low-income children.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Follow Through mandates direct parental participation at the local level in the development and implementation of programs. For example, school districts may establish school partnership programs to facilitate parental involvement in the education of their children. The Act also directs grant recipients to provide maximum employment opportunities for parents of participating children and residents of the community.

*SUMMARY OF FUNDING LEVELS*:

As part of the Chapter 2 State block grant from FY 1982 through FY 1984, Follow Through did not receive separate funding. Chapter 2 funds may be used for any of the authorized purposes of the 28 programs which were consolidated into the block grant, with school districts determining which programs have the greatest need for assistance.

Under the Human Services Reauthorization Act, $10 million in FY 1985 and $7.2 million in FY 1986 was appropriated for Follow Through. However, before Follow Through was phased into the ECIA block grant, it was funded at $26.3 million in FY 1981.

7. Education For All Handicapped Children Act of 1975 (P.L. 94-142)

*PROGRAM PURPOSE AND HISTORY*:

Part B, the State grant program, of the Education of the Handicapped Act (EHA), as amended by P.L. 94-142, provides Federal financial assistance to States for the education of 3 through 21-year-old children having one or more of nine physical or mental disabilities ranging from learning disabilities to severely and profoundly handicapping conditions. The level of Federal assistance is based on an annual count of handicapped children being served by appropriate educational programs and is intended to pay a percentage of the excess costs associated with educating handicapped children. Payments to States are affected by the authorized Federal reimbursement ceilings (40% of the national average-per-pupil expenditure) and the annual congressional appropriation. Approximately 4.1 million handicapped children are currently participating in State and local special education programs that qualify for Federal assistance. The 1985-1986 school year Federal contribution under Part B was $1,135.1 million or about $276 per student.

Since the enactment of P.L. 94-142, there have been no major revisions made to the Part B, State Grant Program. Relatively minor amendments of a technical nature have been adopted, including Title VI of P.L. 99-159, the National Science, Mathematics and Engineering Authorization Act of 1985. Title VI amends the Education

of the Handicapped Act to increase the maximum amount States may spend on administrative costs from $300,000 to $350,000.

*FUNDING MECHANISM*:

The law requires States to provide all handicapped children with a free appropriate public education. Grants to States under P.L. 94-142 are based on the number of handicapped children who are in an appropriate educational program in the State, and may only be used to fund those "excess costs" associated with the education of a handicapped child that would not be incurred for a nonhandicapped child. The maximum grant to which a State is entitled is its number of handicapped children (ages 3-21 years) served times a proportion of the U.S. average-per-pupil expenditure (APPE), currently 40%. The actual grant, however, is dependent upon annual appropriations enacted by Congress. If these appropriations are insufficient to fully fund the program, each State grant is reduced proportionately.

State educational agencies (SEA's) are responsible for the administration of P.L. 94-142, including monitoring compliance with the law by local school districts. The SEA may retain up to 25% of the State's total P.L. 94-142 grant for State administrative costs (up to 5% of the total grant) for direct and support services to handicapped children throughout the State. The local districts may spend the funds for those excess costs that are, in the aggregate, associated with providing special education and related services to handicapped children within their jurisdictions.

In order to qualify for assistance, States and local agencies must meet the conditions specified under P.L. 92-142, including (1) education of handicapped children in the "least restrictive environment", (2) preparation of an individualized education program for each handicapped child, (3) establishment of due process procedures by which handicapped children and their parents may be assured of the most appropriate educational placement and program, and (4) provision of related services, which are needed to help the handicapped child progress through the program.

*RECIPIENTS WHO BENEFIT*:

The most recent information available from the States, indicates that in 1984-1985 there were approximately 4.1 million handicapped children between the ages of 3 through 21 being served by State and local agencies. P.L. 94-142 defines the term "handicapped children" as: mentally retarded, hard of hearing, deaf, speech or language impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired children with specific learning disabilities who by reason thereof require special education and related services.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

In order to receive Federal funds, State and local educational agencies must establish certain procedures for the involvement of parents. The parents must be allowed to participate in the identification and placement of their children in individualized education programs. In addition, there are procedural safeguard provisions in the law with specific mandates for parental involvement in any

due process proceedings related to the appropriate placement and program of their handicapped children. P.L. 94-142 also requires States to have an advisory panel composed of individuals concerned with the education of handicapped children, including handicapped individuals, parents, and teachers, to monitor and advise on issues regarding the education of the handicapped.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in thousands)* |
|---|---|
| 1980 | $874,500 |
| 1981 | 874,500 |
| 1982 | 931,008 |
| 1983 | 1,017,900 |
| 1984 | 1,068,875 |
| 1985 | 1,135,145 |
| 1986 (Gramm-Rudman sequester) | 1,163,282 |

8. THE CARL D. PERKINS VOCATIONAL EDUCATION ACT OF 1984 (P.L. 98-524)

*PROGRAM PURPOSE AND HISTORY*:

The Carl D. Perkins Vocational Education Act (VEA) authorizes grants to State boards and councils of vocational education. The goal of the Federal program is to maintain and improve State and local vocational education programs in order to meet the needs of the nation's work force and ensure equity, equal opportunity, and accountability in the delivery of services. Most of the Perkins Act funds are allocated by formula to the States.

Under an approved plan, States administer vocational education programs that are operated by local educational agencies and post-secondary education institutions. Funds must be expended for vocational education activities, and are limited to those directly related to the preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree. A small portion of the total appropriation is reserved for the Secretary of Education for national research activities and data systems.

The Perkins Act was amended by a set of technical amendments included in the National Science, Engineering, and Mathematics Authorization Act of 1986 (P.L. 99-159). The changes included minor revisions in the regulations and procedures concerning the distribution of State grants. The amendments clarified State funding requirements and specify certain percentages of funds allocated to particular programs. Also included in these amendments are minor changes in the names of several vocational education programs.

The Perkins Act was also amended with respect to the State allocation formula (P.L. 99-357). The changes were made to ensure that funding inequities would not occur under certain conditions when annual appropriations are reduced from the funding level of the preceding year.

*FUNDING MECHANISM*:

Most of the funding under the Perkins Act is authorized under basic State grants and national programs. Of this amount, 2% is reserved for national programs, 1.25% for Native American programs, 0.25% for Native Hawaiian programs, and the remaining 96.5% for basic State grants. Bilingual vocational training funds are distributed by the Secretary for project grants, and funds for State councils are distributed by a formula similar to that under the Act.

Each State must spend, according to its State plan, 43% for vocational education program improvement, innovation, and expansion from its basic State grant. The other 57% must be spent for vocational education programs for special populations and activities. Each State must distribute at least 80% of its basic State grant to eligible recipients. However, 100% of funds reserved for the disadvantaged and disabled must be distributed by a formula whereby 50% of each reservation is allocated on the basis of the number of economically disadvantaged persons enrolled by the recipient and 50% by the number of disadvantaged (either economic or academic) and disabled, respectively, served by the recipient in the previous year. Each State may reserve up to 7% of its total allotment from all grants for administrative expense.

A number of other activities are authorized, including programs for: Native Hawaiians; severely disadvantaged youth served by community-based organizations, industry-education partnerships for training in high technology occupations; a national assessment of vocational education conducted by the National Institute of Education; cooperative demonstration education programs; State equipment pools; and demonstration centers for the retraining of dislocated workers.

*RECIPIENTS WHO BENEFIT*:

Students of all ages are eligible to benefit from the program. Various set-asides of funds are required for postsecondary and adult education and for specific programs to assure vocational education services for the disabled, the disadvantaged, students with limited-English speaking ability, Indian and Hawaiian natives Americans, single parents and homemakers, and persons in correctional facilities.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

(1) *Community-Based Organizations*

State grants are separately authorized under Part A of Title III to provide vocational education services through community-based organizations. Any such organization seeking assistance must prepare an application jointly with an appropriate local recipient. The application must describe the uses of funds being sought and provide assurance that special consideration will be given to the participation of severely disadvantaged youth. Funds may be used for various activities, including outreach programs, transitional services, prevocational programs, and guidance and counseling services. In addition, funds for single parents and homemakers under Part A of Title II may be used. Each State board is to establish criteria

for the distribution to community-based organizations of Part A funds for special populations other than the disadvantaged and disabled. States may use community-based organizations with demonstrated effectiveness as recipients of program improvement funds under Part B of Title II in parts of the State where vocational facilities or programs are inadequate or insufficient.

(2) *Other Private Sector Involvement*

Each State Council must have a majority of members representative of the private sector, including the chairperson. Services and activities for special populations under Part A of Title II must, to the extent practicable, include worksite programs, e.g., work-study, cooperative education, and apprenticeship training programs. Under certain conditions, basic State grants under Title II may be used to provide educational training through arrangements with private vocational training institutions and private postsecondary educational institutions. Funds for adult training under Part C of Title III may be used to assist employers with special training requirements, provide institutional and worksite programs designed cooperatively with employers, and develop more effective coordination between vocational programs and private employers. Programs for guidance and counseling under Part D of Title III must include projects that provide opportunities for counselors and students to acquaint themselves with business and industry experiences. Part E of Title III authorizes programs for partnerships between education and industry for training in high technology occupations.

At the National level, the Perkins Act requires the Secretary to conduct applied research on the involvement of the private sector in vocational education programs. In conducting this research, the Secretary must give preference to public and private postsecondary institutions in carrying out these activities. The National Center must be a nonprofit entity associated with a public or private nonprofit university, and must conduct applied research and development on the involvement of the private sector in vocational education. Cooperative demonstration programs under Part B of Title IV may be conducted by public or private agencies, and may demonstrate methods of effective cooperation with the private sector. A majority of members of the National Council must be representatives of the private sector; the Council must provide advice on strategies for increasing cooperation between vocational education and business.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in thousands)* |
|---|---|
| 1980 | $784,041 |
| 1981 | 685,599 |
| 1982 | 659,472 |
| 1983 | 732,347 |
| 1984 | 742,161 |
| 1985 | 842,148 |
| 1986 | 849,648 |
| 1986 (Gramm-Rudman sequester) | 813,113 |

## 9. The Bilingual Education Act: The Education Amendments of 1984 (P.L. 98-511)

*PROGRAM PURPOSE AND HISTORY*:

The Federal Government's direct involvement in bilingual education began with the enactment of the Bilingual Education Act of 1968, which was reauthorized again in 1974, 1978 and, most recently, in 1984. To people throughout school systems across the country, the legislation is popularly known as "Title VII." The current legislation has been reauthorized until September 30, 1988. Title VII was enacted to secure an equal educational opportunity in public schools for persons whose first language is not English. Since 1968, over 26 States have developed legislation specifically targeted for limited-English proficient (LEP) children in schools.

A significant issue in the program has been the role of native language instruction within the total program of instruction. Some want to eliminate all native language instruction and others insist that native language instruction must play a significant role.

The law contains five sections: (1) General Provisions— an introductory section which contains policies, appropriations, definitions, and regulations; (2) Financial Assistance for Bilingual Education (Part A); (3) Data Collection, Evaluation and Research (Part B); (4) Training and Technical Assistance (Part C); and (5) Administration (Part D).

Part A section funds programs which school districts may apply for on a voluntary basis. Funds are awarded based on national competitions, and go to each district in the form of a grant. The four types of programs may seek funds for three-year grants that are renewable for two additional years:

*Transitional Bilingual Programs*: Designed for LEP children, the programs combine structured English language instruction with a native language component. The programs also incorporate the students' cultural heritage into the curriculum and must be designed to allow students to meet grade promotion and graduation requirements.

*Developmental Bilingual Programs*: Full-time instructional programs of English and second language instruction designed to help children achieve competence in English and a second language.

*Special Alternative Instructional Programs*: Programs designed in which native language instruction need not be used.

*Academic Excellence Programs*: These programs may be of any of the already mentioned categories, but must have an established record of providing effective, academically excellent instruction, and which are designed to serve as models of exemplary bilingual education programs. At the present time, no departmental regulations have been published for this program.

The following grants may be awarded for periods up to three years.

*Family English Literacy Program*: Programs designed to help adults and school youths achieve English language competency. The language of instruction may be English-only or English and the native language.

*Preschool, Special Education, and Gifted and Talented Programs*: These programs may be from one to three years, and are to be preparatory or supplementary to programs under the Act.

*Instructional Materials Programs*: One to three year grants which develop instructional materials in languages in which such material is not commercially available.

*FUNDING MECHANISM*:

—At least 60% of the overall funds for the Act are set aside for financial assistance for bilingual education programs.

—At least 75% of the Part A amount is to be reserved for transitional bilingual programs.

—From 4 to 10% of the overall funds is to be set aside for special alternative instructional programs, depending on the level of funding for Part A.

—At least 25% of funds is to be reserved for training and technical assistance.

—The National Advisory and Coordinating Council for Bilingual Education is to receive up to 1% of the funds not reserved for Parts A and C.

—State education agencies are to be eligible for grants of at least $50,000, not to exceed 5% of the funds received under Part A the previous fiscal year.

—Funding percentages for data collection, evaluation, and research and for Administration are not specified in the legislation.

*RECIPIENTS WHO BENEFIT*:

Eligible populations are children, youth, and adults who may benefit from these programs as described in the section on Program Purpose and History. In FY 1984, $89,565,408 was awarded through grants to local school districts for Basic and Demonstration projects. For the 1983-1984 school year, Title VII basic projects spent approximately $389 per enrolled LEP student. This amount is based on total funds awarded to local school districts divided by the number of LEP students served.

In FY 1984, 565 basic grants were awarded to districts to serve about 182,583 students speaking more than 90 different languages. Under the Demonstration program 46 projects in 23 states were funded to serve about 11,740 students speaking 20 different languages. Thirty percent of the projects served fewer than 200 students, 34% enrolled from 200-399 students, and 36% served 400 or more students.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Parental participation is mandatory in that all projects must have Parent Advisory Committees in the proposal process as well as during the project.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Appropriation* |
|---|---|
| 1980 | $171,613,000 |
| 1981 | 161,302,000 |
| 1982 | 137,941,000 |
| 1983 | 137,840,000 |
| 1984 [1] | 139,365,000 |
| 1985 | 142,951,000 |
| 1986 | 142,951,000 |
| 1986 (Gramm-Rudman sequester) | 136,501,000 |

[1] Includes $150,000 comparably transferred to salaries and expenses for the National Advisory Council and data processing services, and $30,000,000 appropriated for Emergency Immigrant Education.

10. INDIAN EDUCATION ACT OF 1972, AS AMENDED (P.L. 92-318)

*PROGRAM PURPOSE AND HISTORY:*

Under the Indian Education Act (IEA) (P.L. 92-318), the Department of Education administers two basic programs which assist Indian children at the elementary and secondary school level. The Department awards grants to local education agencies (LEA's) and tribally controlled schools for projects to meet the special educational and cultural needs of Indian children. Public schools, in which the majority of Indian children are enrolled, may use IEA funds to provide supplementary educational services such as remedial and language instruction, cultural activities, and counseling. Tribally controlled institutions may use grants to start schools or develop supplemental programs.

The Department also provides funding assistance, primarily to Indian tribes and organizations, for a variety of discretionary programs and projects. Grants under this program may be used for planning, pilot, and demonstration projects; resource and evaluation centers; personnel development programs; and other enrichment projects to improve educational opportunities for Indian children.

The Bureau of Indian Affairs (BIA), Department of the Interior, operates activities at the elementary and secondary school level to provide a basic educational program for Indian students not served by public or sectarian schools. The Bureau also provides operational funding for schools run under contract by Indian tribes. BIA operated and tribally run contract schools attempt to meet the special needs of Indian children who cannot attend other schools—often due to poverty or geographic location—through activities such as bilingual education, counseling, and residential care.

The BIA administers other elementary and secondary school programs benefiting Indian children which are funded through the Department of Education, such as Chapter 1 programs and programs for handicapped children under P.L. 94-142, the Education of All Handicapped Children Act. Additionally, assistance is available under IEA and through BIA for postsecondary and adult education.

*FUNDING MECHANISM:*

Grants are made to public school districts by the Department of Education on a formula basis; funds must be used to supplement

regular school programs. Grants to tribally controlled schools are made on a competitive basis.

*RECIPIENTS WHO BENEFIT*:

In FY 1984, about 1,100 public schools and 26 tribally controlled schools in 42 States received grants under the IEA, benefiting over 326,000 Indian students. Twenty States received grants, totaling $8.4 million, for special programs and projects.

About 18% of Indian students attend BIA operated or tribal contract schools. BIA currently is operating, either directly or by contract, 168 elementary and secondary schools and 14 dormitories. About 41,500 Indian students in 23 States are served by these schools.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

The Indian Education Act requires parental and community involvement in the development and implementation of programs to ensure Indian direction of efforts related to education. Parent committees have been established to facilitate this goal.

Similarly, the Education Amendments of 1978 mandated Indian control of matters related to Indian education. The BIA is encouraging increased parental and community involvement in BIA operated schools and programs. Efforts include parent teacher associations, home visitation programs, and parent awareness seminars. Indian school boards are involved in planning and decision making at Bureau schools.

*SUMMARY OF FUNDING LEVELS*:

Funding for Indian education programs through the Department of Education has decreased in the past several years. The programs were funded at $82 million in FY 1981, while $68.8 million was appropriated in FY 1984. $64.2 million was appropriated in FY 1986.

The BIA education programs are funded at $257.3 million for FY 1986. Funding for the Operation of Indian Programs through the Bureau of Indian Affairs has remained relatively stable over the past five years; $270 million was appropriated in FY 1981.

11. IMMIGRANT AND REFUGEE EDUCATION PROGRAMS: THE EMERGENCY IMMIGRANT EDUCATION ACT OF 1984 (P.L. 98-511) AND THE REFUGEE ACT OF 1980 (P.L. 96-212)

*PROGRAM PURPOSE AND HISTORY*:

In 1982, the Supreme Court of the United States ruled that States could not deny a free public education to undocumented immigrant children. Following this decision, Congress approved $30 million in emergency immigrant education assistance for FY 1984.

The Emergency Immigrant Education Act of 1984 (P.L. 98-511) provides grants to assist State and local education agencies in meeting the special educational needs of immigrant and refugee children. The funds may be used by school districts for basic expenditures associated with the education of immigrant children, such as remedial activities; school or classroom construction; and supplementary services such as language instruction.

Funds also are provided to the States to meet the educational and adjustment needs of immigrant and refugee children under the Transition Program for Refugee Children, which is part of the Refugee Act of 1980. The transition program is funded through the Office of Refugee Resettlement, Department of Health and Human Services, and administered under an interagency agreement by the Department of Education. Activities to promote the education of refugee children include bilingual education, which is the main thrust of the program; remedial instruction; counseling services; and training for parents. A large number of school systems also have established summer educational programs for refugee children.

*FUNDING MECHANISM*:

Under the Emergency Immigrant Education Act, grants are made to State education agencies (SEA's) based on the number of eligible immigrant children enrolled in schools in the State. Local school districts must have a minimum number of immigrant children in order to qualify for assistance. Under the Transition Program, grants are made to SEA's based on the number of eligible refugee children who have been in the country for less than three years. Under both programs, funds are distributed by the SEA's to the local agencies.

*RECIPIENTS WHO BENEFIT*:

At the beginning of the decade, an average of 155,000 immigrant children, ages 5-19 years, were admitted to the U.S. each year. In FY 1984, approximately 136,000 such children were admitted. It is estimated that another 46,000 undocumented immigrant children enter the U.S. annually. The majority of immigrants are concentrated in the southwestern States, particularly in California and Texas. New York and Illinois also have large numbers of immigrants.

In school year 1984-1985, approximately 277,000 children were served under the Emergency Immigrant Education program. However, it is estimated that as many as 350,000 children were eligible for assistance. Twenty-eight States received grants under the program in 1984-1985. The States receiving the largest grants in FY 1984 were California, Texas, New York, and Illinois.

Children are eligible for the Transition Program for Refugee Children for up to three years. This figure has remained relatively stable over the past several years. Out of this number, 27,500 of these refugees are children; over one-half of them are of school age. One-third of the refugee children arriving annually are between the ages of 12 and 17, generally secondary school level. Refugee children in secondary schools are considered to have a greater need for language and instructional support than their younger counterparts.

In FY 1985, the States reported 82,000 refugee children were eligible for the transition program. This represents a decline of about 12,000 children from the previous year. Over one-fourth of these children live in California. Other States with large numbers of refugee children are Texas, Florida, Massachusetts, and Illinois.

*SUMMARY OF FUNDING LEVELS*:

The Emergency Immigrant Education Act of 1984 authorized $30 million in assistance for FY 1985 and $40 million annually for FY 1986-1989. In FY 1985, $30 million was appropriated. Despite the Administration's 1986 budget request for recission of the FY 1985 funding and zero funding in FY 1986, Congress again appropriated $30 million for the current fiscal year.

For each of FY 1983-1986, $16.6 million has been appropriated for the Transition Program for Refugee Children. In 1981, the $23 million available for the program provided $157 for each refugee child, only about 6% of the cost to local governments of educating each child.

## B. A RIGHT TO OPPORTUNITIES FOR SELF-SUFFICIENCY

### 1. Employment

#### A. TRAINING FOR DISADVANTAGED YOUTH AND ADULTS: TITLE II-A, JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

*PROGRAM PURPOSE AND HISTORY*:

Title II-A of the Job Training Partnership Act (JTPA) provides various forms of training and remedial assistance to disadvantaged adults and youth. This program began in FY 1984 and succeeded similar activities provided under the Comprehensive Employment and Training Act (CETA), P.L. 93-203, which was enacted in 1973, and remained in operation until implementation of JTPA. The original CETA was amended at the end of 1974, by P.L. 93-567, which provided a countercyclical public service employment program to address the needs of the unemployed during the economic recession at that time. CETA was again amended in 1978 (P.L. 95-524) when various reforms were made in the program.

*FUNDING MECHANISM*:

Under Title II-A, funds are provided to State Governors, who reserve 22% of the State allotment for various Statewide activities. The remaining 78% is passed through to local service delivery areas, where training programs are planned and operated jointly by locally elected officials and Private Industry Councils (PIC's). At least 51% of PIC members are business and industry representatives. The rest must represent a variety of interests, including, but not limited to, community-based organizations, labor unions, educational agencies, rehabilitation agencies and others.

At least 40% of funds at the local level must be spent for youth, ages 16-21, and high school drop-outs and welfare recipients must be served equitably according to their proportion of the eligible local population. No more than 15% of funds at the local level may be used for administrative costs, and no more than 30% of funds at the local level may be used for the combined costs of administration, supportive services, needs-based payments, and a certain amount of work experience. Local programs must meet or exceed performance standards; failure to meet these standards may result in sanctions by the Governor.

Authorized activities include job search assistance, job counseling, remedial education and basic skills training, classroom training, on-the-job-training, school-to-work transition assistance, literacy and bilingual training, work experience, supportive services and necessary needs-based payments.

*RECIPIENTS WHO BENEFIT*:

In accordance with local program plans, contracts may be developed with a wide variety of service delivery agents, such as public schools, vocational and technical schools, community colleges, community-based organizations, labor unions, private employers, the public employment service, and others.

At least 90% of participants in the program must be economically disadvantaged, with the remaining 10% having some other barrier to employment, including, but not limited to, those who have limited English-language proficiency, or are displaced homemakers, school dropouts, teenage parents, handicapped, older workers, veterans, or others.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Representatives of community-based organizations may serve as members of PICs. Further, community-based organizations may be service providers, in accordance with local program plans. Representatives of community-based organizations also may be members of the State Job Training Coordinating Council, which oversees the program at the State level and advises the Governor.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in billions)* |
|---|---|
| 1980 | [1] $3.191 |
| 1981 | [1] 3.063 |
| 1982 | [1] 1.574 |
| 1983 | [1] 2.181 |
| 1984 | [2] 1.886 |
| 1985 | 1.886 |
| 1986 | 1.863 |
| 1986 (Gramm-Rudman sequester) | 1.783 |

[1] Indicates funding for comparable activites under the Comprehensive Employment and Training Act: title II-B and C (training for disadvantaged adults and youth); title IV-A (youth employment and training programs); and title VII (Private Sector Initiatives Program).

[2] The JTPA is funded on a program year basis, with program years running from July 1 to June 30 of the following year. Fiscal year 1984 appropriations were spent during program year 1984, from July 1, 1984, to June 30, 1985. Also appropriated during fiscal year 1984 was $1.415 billion for the transition period from Oct. 1, 1983, to June 30, 1984.

### B. SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAM: TITLE II-B, JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

*PROGRAM PURPOSE AND HISTORY*:

The Summer Youth Employment and Training Program has been authorized by Title II-B of the Job Training Partnership Act (JTPA) since FY 1984. The current program is the successor to a similar activity operated since 1975 under the Comprehensive Employment and Training Act (CETA) (P.L. 93-203). The program pro-

vides employment and related opportunities for disadvantaged youth during the summer months.

*FUNDING MECHANISM*:

Funding for this program is the same as JTPA Title II-A. This program, however, may operate only in the summer months. No more than 15% can be spent for administrative costs. Authorized activities include basic and remedial education, classroom and on-the-job-training, work experience, job search assistance and counseling, and supportive services.

*RECIPIENTS WHO BENEFIT*:

Participants must be economically disadvantaged youth ages 16-21, although disadvantaged 14 and 15 year olds may participate at local option.

In each local area, program planning and oversight is conducted jointly by local elected officials and Private Industry Councils (PIC's). In accordance with local plans, contracts for service delivery may be developed with various organizations, including schools, vocational and technical schools, local government agencies, community-based organizations, and others.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Representatives of community-based organizations may serve as members of local Private Industry Councils. Further, community-based organizations may be service deliverers, in accordance with local program plans.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | [1] $609 |
| 1981 | [1] 839 |
| 1982 | [1] 685 |
| 1983 | [1] 825 |
| 1984 | [2] 825 |
| 1985 | 725 |
| 1986 | 665 |
| 1986 (Gramm-Rudman sequester) | 636 |

[1] In 1983 and prior years, funds appropriated for a particular fiscal year were available during the summer of that fiscal year (i.e., fiscal year 1983 appropriations were available for the summer of 1983). Amounts shown were for program as authorized under the comprehensive Employment and Training Act.

[2] Indicates funds available for the summer of 1985. Also appropriated during fiscal year 1984 was $825 million for the summer of 1984.

C. SERVICES FOR DISLOCATED WORKERS: TITLE III, JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

*PROGRAM PURPOSE AND HISTORY*:

Title III of the Job Training Partnership Act (JTPA) authorizes employment and related services for workers permanently displaced from their jobs. The program took effect in FY 1983 and had no counterpart in previous employment and training programs.

*FUNDING MECHANISM*:

Of annual appropriations for this program, 75% are allocated to States according to formula. States plan and operate the program and may contract with a variety of service deliverers, including local governments and Private Industry Councils, labor organizations, community colleges, community-based organizations, private employers and others. The remaining 25% of Federal appropriations is reserved by the Secretary of Labor for discretionary use.

In order to receive the Federal funds, States must furnish an equal amount of non-Federal resources, which may include the cost of training provided under this program by State or local agencies, private nonprofit organizations or private for-profit employers; and State funded unemployment insurance benefits to eligible dislocated workers participating in the program. No more than 30% of Federal funds may be used for the combined costs of administration, supportive services, allowances and stipends. Authorized activities include job search assistance, job development, retraining including on-the-job-training, relocation assistance and supportive services.

*RECIPIENTS WHO BENEFIT*:

Participants must have lost their previous jobs and be unlikely to return to their previous occupation or industry, or must have lost their jobs as a result of a permanent plant or facility closing. Participants can also be long-term unemployed with limited opportunities for reemployment in a similar occupation in the area where they live, including older workers whose age is a barrier to employment.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Community-based organizations may participate in the program as service deliverers. Labor organizations must be consulted in the case of proposed activities serving a substantial number of union members. Further, community-based organizations may be members of the State Job Training Coordinating Council, which oversees State operations and advises the Governor.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1983 | [1] $110 |
| 1984 | [2] 223 |
| 1985 | 223 |
| 1986 | 100 |
| 1986 (Gramm-Rudman sequester) | 96 |

[1] First year of program operations. The JTPA programs are funded on a program year basis, with program years running from July 1 to June 30 of the following year.

[2] Fiscal year 1984 appropriations were available in program year 1984, from July 1, 1984, to June 30, 1985. Also appropriated in fiscal year 1984 were $94 million available during the transition period from Oct. 1, 1983, to June 30, 1984.

## D. JOB CORPS: TITLE IV-B, JOB TRAINING PARTNERSHIP ACT (P.L. 97-300)

*PROGRAM PURPOSE AND HISTORY*:

Job Corps began in 1965 as a residential training and remedial education program for disadvantaged youth, authorized under the Economic Opportunity Act of 1964 (P.L. 88-452). It then became part of the Comprehensive Employment and Training Act (CETA), (P.L. 93-203) and now is authorized under Title IV-B of the Job Training Partnership Act (JTPA). The program's goal is to enable young people to gain the necessary skills and education to become productive members of the labor force. The residential nature of the program is structured to provide an alternative to the young person's home environment to assist achievement of this goal.

*FUNDING MECHANISM*:

The Department of Labor contracts with public agencies or private concerns for the establishment and operation of Job Corps centers. Authorized activities include intensive programs of education, vocational training, work experience, counseling, vocational and recreational activities, physical rehabilitation and development, and other activities. In addition, personal allowances are provided during participation and a readjustment allowance is provided upon successful completion of the program.

*RECIPIENTS WHO BENEFIT*:

Eligible participants must be economically disadvantaged 14-21 year olds, who need education and training and live in an environment detrimental to successful participation in non-residential programs. Generally, participants may not remain in the program longer than two years.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

The Secretary of Labor is required to encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers and nearby communities. Community advisory councils are required to be established to provide mechanisms for joint discussion of common problems and for planning programs of mutual interest. This includes activities such as cooperating with community officials giving advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community; encourage participation of enrollees in programs for community improvement, and arranging recreational athletic or similar events in which enrollees and local residents may participate together.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | [1] $416 |
| 1981 | [1] 561 |
| 1982 | [1] 590 |
| 1983 | [1] 618 |
| 1984 | [2] 599 |
| 1985 | 617 |

| Fiscal year | Appropriation (in millions) |
|---|---|
| 1986 | 640 |
| 1986 (Gramm-Rudman sequester) | 613 |

[1] Indicates appropriations for Job Corps as authorized under CETA.
[2] The JTPA programs are funded on a program year basis, with program years running from July 1 to June 30 of the following year. Fiscal year 1984 appropriations were available in program year 1984, from July 1, 1984, to June 30, 1985. Also appropriated during fiscal year 1984 were $415 million for the transition period from Oct. 1, 1983, to June 30, 1984.

## E. WORK INCENTIVE PROGRAM (WIN): TITLE IV–C, SOCIAL SECURITY ACT (P.L. 90-248)

*PROGRAM PURPOSE AND HISTORY*:

The Work Incentive Progam (WIN) was established in 1967 to help recipients of Aid to Families with Dependent Children (AFDC) to become self-supporting. The program provides employment and related assistance to AFDC recipients who are considered able to work. WIN has been amended several times over the past 19 years.

The public Employment Service and the State welfare agency jointly administer the WIN program. States are authorized to operate demonstrations in which the State welfare agency administers the program exclusively. The Employment Service may refer individuals to other employment and training program providers, such as those providing services under the Job Training Partnership Act (JTPA).

*FUNDING MECHANISM*:

WIN is administered at the State level. To receive a Federal WIN allotment, States must furnish a 10% non-Federal match, either in cash or in-kind. All AFDC recipients considered able to work are required to register with the WIN program and make themselves available for work if a suitable job is found through the Employment Service. In addition, participants may receive skill assessments, job training, job search assistance, and supportive services.

*RECIPIENTS WHO BENEFIT*:

All applicants or recipients of AFDC, age 16 and older, must register with the WIN program, except the following groups: the ill, incapacitated, elderly, full-time students, people living too far from a WIN site, caretakers of ill or incapacitated members of the household, individuals working at least 30 hours per week, mothers of children under age 6, and pregnant women in the third trimester. In two-parent families, one parent is exempt if the other is registered with WIN. AFDC recipients selected for WIN participation must accept available jobs, training or services needed to prepare them for employment. Refusal to do so without good cause will result in a sanction, loss of benefits or possible dismissal from the program.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

To the extent possible, WIN programs are to be coordinated with activities operated by Private Industry Councils under JTPA. Com-

munity-based organizations may serve as members of these Private Industry Councils. Private Industry Councils are authorized to advise WIN program administrators on the availability of jobs for which WIN participants can be trained and referred.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $365 |
| 1981 | 365 |
| 1982 | 281 |
| 1983 | 271 |
| 1984 | 271 |
| 1985 | 267 |
| 1986 | 220 |
| 1986 (Gramm-Rudman sequester) | 211 |

F. REHABILITATION ACT OF 1973, AS AMENDED (P.L. 93-112)

*PROGRAM PURPOSE AND HISTORY*:

The purpose of the Rehabilitation Act is to develop and implement, through research, training, services, and the guarantee of equal opportunity, comprehensive and coordinated programs of vocational rehabilitation and independent living. The Act authorizes the Federal-State vocational rehabilitation (VR) program which provides State allotments for vocational rehabilitation services for handicapped individuals so that such persons may prepare for and engage in employment to the extent of their capabilities. To be eligible to receive a Federal allotment, States must have a client assistance program to inform clients and applicants of the services available under this Act.

The Act authorizes discretionary service programs, including projects for American Indians and migrant workers, special programs for the severely handicapped, employment and training projects with industry, and special recreation projects. In addition, the Act authorizes independent living services for severely handicapped persons who do not currently have employment potential. Funds are also authorized to assist in the training and development of qualified personnel to serve handicapped individuals.

Other programs authorized under the Act include the National Institute on Disability and Rehabilitation Research, which administers a program of rehabilitation research and coordinates other Federal research programs on handicapping conditions; the National Council on the Handicapped, which provides policy advice to the Administration and the Congress; and the Architectural and Transportation Barriers Compliance Board, which enforces Federal accessibility statutes regarding handicapped individuals. The Act also provides protections for handicapped individuals by authorizing nondiscrimination and affirmative action provisions affecting Federally administered and Federally assisted programs.

*FUNDING MECHANISM*:

The Act authorizes formula grant allotments for the Federal-State VR program. The formula is based on State population and per capita income, with the lower income States receiving a proportionately larger allotment, on a per capita basis. State VR agencies are authorized to receive these Federal allotments, which must be matched on an 80% Federal-20% State matching basis. Other formula grant programs authorized under the Act include the client assistance program and State allotments for independent living.

Funds for other service programs authorized under the Act are distributed at the discretion of the Secretary of Education and may have specified matching requirements. Discretionary funds are generally distributed by grant or contract to public or private nonprofit organizations which successfully compete for these awards.

*RECIPIENTS WHO BENEFIT*:

Vocational rehabilitation services are authorized for handicapped individuals, a term defined to include those persons with a physical or mental disability which results in a substantial handicap to employment. The handicapped individual must be expected to benefit in terms of employability from the services provided. Independent living services are authorized for persons whose ability to engage in employment, or whose ability to function independently in the family or community, is limited by the severity of the disability.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

The National Council on the Handicapped serves as the forum through which constituency groups and handicapped individuals can have input to the development of Federal policy. The Council is composed of 15 members appointed by the President, with the advice and consent of the Senate. Members of the Council are representative of handicapped individuals, national organizations concerned with the handicapped, the rehabilitation research community, business concerns, and labor organizations. At least five members are handicapped persons or parents or guardians of handicapped persons.

The Federal-State VR program provides comprehensive services to enable handicapped individuals to become employable. State VR agencies provide these services under an individualized written rehabilitation program. The written program can include evaluation, physical and mental restoration, vocational training, special devices required for employment, job placement, follow-up services, and any other services necessary to make the handicapped person employable.

Discretionary programs for special populations such as American Indians, migrant workers, and severely handicapped persons, include these services and any other specialized services required to help make the handicapped person employable. The independent living program is authorized to provide any vocational rehabilitation service, as appropriate, as well as any other service required to enhance the ability of the handicapped person to live and function independently in the family or the community.

## *SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Appropriation* |
|---|---|
| 1980 | $817,484,000 |
| 1981 | 854,259,000 |
| 1982 | 863,040,000 |
| 1983 | 943,900,000 |
| 1984 | 1,037,800,000 |
| 1985 | 1,100,000,000 |
| 1986 (Gramm-Rudman sequester) | [1]1,145,148,000 |

[1] In fiscal year 1986, 87 percent of the funds appropriated under the act were appropriated for the Federal-State VR program. Funds for the other programs authorized under the act are appropriated separately and are not shown above.

## 2. Basic Family Support

### A. AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC): TITLE IV OF THE SOCIAL SECURITY ACT (P.L. 74-271)

### *PROGRAM PURPOSE AND HISTORY:*

Aid to Dependent Children (ADC) was established by the Social Security Act of 1935 as a cash grant program to enable States to aid needy children without fathers. Renamed Aid to Families With Dependent Children (AFDC) in 1962 (P.L. 87-31), the program provides cash welfare payments for needy children and their mothers or other caretaker relatives, who are deprived of parental support or care because: their fathers are absent from home continuously, are incapacitated, deceased, or unemployed; or their mothers are incapacitated, absent or dead.

Each State defines its "need", sets its own benefit levels, establishes according to Federal guidelines, the income and resource limits, and administers the program or supervises its administration. All States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands offer AFDC to needy children without able-bodied fathers at home, and 25 jurisdictions offer Federal cash supplements also to children in two-parent families who are needy because one parent is unemployed (AFDC-UP or Aid to Families With Dependent Children of Unemployed Parents). Eligibility for AFDC on the basis of a parent's unemployment is limited to those families in which the principal wage earner is unemployed.

The most drastic changes to the program were implemented under the Omnibus Budget Reconciliation Act (OBRA), passed by Congress in the summer of 1981. It has been estimated that OBRA changes in AFDC pushed 600,000 individuals below the poverty line in 1982, independent of the effects of that year's recession.

Partly in response to this growing poverty population, Congress took steps to soften the impact of the OBRA welfare cuts in 1984. These provisions, which took effect at the start of FY 1985, raised qualification levels for AFDC assistance from 150 to 185% of a State's standard of need, thereby extending eligibility to a wider range of low-income familiies.

Congress also liberalized the treatment of AFDC earnings, so that recipients who worked retained more of their benefits. It extended the disregard of $30 in monthly earnings from four months to one year, and it granted the $75 standard deduction to part-time

as well as full-time workers. However, it retained the four-month limit on the program's work incentive bonus—disregard of one-third of residual earnings (those left after specified deductions). Finally, the 1984 changes allowed families receiving monthly child support payments to keep the first $50 per month without counting such support as income in determining their AFDC benefits.

*FUNDING MECHANISM*:

The Federal Government pays at least 50% of each State's benefit payments and more than 70% in 11 States. Federal matching for AFDC varies from State to State, depending within limits, on per capita income. Under matching formulas in the law, about 55% of each AFDC benefit dollar is paid by the Federal Government and 45% of each AFDC benefit dollar is paid by the States, some of which require local governments to share costs. The Federal share varies among States, ranging from 50% to 78.42% and it is inversely related to State per capita income. The Federal Government pays 50% of administrative costs in all States.

The Federal share of a State's AFDC payments is determined by the matching formula specified for Medicaid in Title XIX of the Social Security Act. States may choose an alternate formula, specified for AFDC only in Title IV of the Act, but in early FY 1986, none did so. Unlike the Medicaid formula, this regular AFDC formula places a ceiling on average benefits eligible for Federal funds.

*SERVICES PROVIDED*:

(1) *WIN Program and WIN Demonstrations:*

Under the WIN demonstration projects, States are permitted to design an alternative to WIN, administered solely by State welfare agencies. AFDC recipients who are selected for participation in WIN must accept available jobs, training or needed services to prepare them for employment. Refusal to do so without good cause will result in a sanction, which would limit or lessen the level of benefits that individual would continue to receive. In the case of two-parent families, the entire family is made ineligible.

Effective for tax years beginning after December 31, 1981, WIN registrants and AFDC recipients were added to the list of target groups for whom employers can receive a targeted jobs credit. The credit is equal to 50% of up to $6,000 in wages for the first year of employment and 25% of such wages for the second year.

(2) *Job Search*:

The Act permits States to require AFDC applicants and recipients to participate in a program of employment search beginning at the time of application. After an initial eight-week search period for applicants, AFDC recipients may be required to participate in eight weeks of job search each year. This means that in the first year, up to 16 weeks of employment search may be required, with eight weeks per year thereafter. At State option, the job search requirement may be limited to certain groups or classes of individuals who are required to register for WIN. An individual who fails to comply with the job search requirement is subject to the sanctions imposed under the WIN program.

(3) *Community Work Experience Program*:

States may operate Community Work Experience programs (CWEP) if they choose. These programs are commonly referred to as "workfare" and require adult AFDC recipients to perform some sort of community work, such as park beautification or as a teacher aide, in exchange for AFDC benefits. The individual does not become a paid employee but, instead, works off the AFDC benefit. Most State workfare programs are not Statewide. Massachusetts, New York, and California have established employment opportunity programs for AFDC recipients under the CWEP framework.

(4) *Work Supplementation and Grant Division*:

Recipients may be placed in jobs offered by private as well as nonprofit employers; States are permitted but not required to offer a $30 plus one-third earned income disregard for up to nine months for participants. Federal funding is limited to the aggregate of nine months worth of unreduced welfare grants for each participant in the work supplementation program; and a State is permitted to develop its own method by which AFDC grants are diverted to wages and is not limited to prior law requirements. This will permit States to pool the benefits of AFDC recipients actually participating in the program rather than diverting the grant on an individual case basis. The State of Minnesota is now operating a work supplementation program; several other States are considering the work supplementation option.

(5) *AFDC for Unemployed Parents (AFDC-UP)*:

Since 1961, States have been permitted to give AFDC to needy children of unemployed parents. And since 1971, Federal regulations have specified that an AFDC parent can work no more than 99 hours a month to be classified as unemployed. However, in 1981 Congress specified that the qualifying unemployed parent must be the family's principal earner. Almost half of the 54 jurisdictions with AFDC programs have never used the option to give AFDC cash benefits to the unemployed and partly employed.

(6) *Medicaid*:

States must provide Medicaid to families receiving cash assistance under AFDC. States are also required to extend this Medicaid coverage to AFDC individuals, at regular Federal matching rates, to the following groups meeting AFDC income and resource requirements: (1) first-time pregnant women from the time of medical verification of pregnancy: (2) pregnant women in two-parent families where the principal earner is unemployed, from the time of medical verification of pregnancy; and (3) children born on or after October 1, 1983, up to age five, in two-parent families.

Under present law, States are required to provide nine months of Medicaid coverage to families who lose eligibility for AFDC due to the termination of the one-third disregard. States have the option of extending this coverage for an additional six months in the case of a family that would be eligible for AFDC if the $30 plus one-third disregard were applied.

(7) *Food Stamps*:

AFDC families are also automatically eligible for food stamps (authorized by the Food Security Act of 1985, P.L. 99-198), which provide an important in-kind supplement to the cash assistance paid under AFDC. Although food stamp benefits are not counted in determining AFDC eligibility, the food stamp program does consid-

er AFDC payments to be countable income and reduces the food stamp benefit by $.30 for each dollar of countable cash income.

The number of AFDC recipients was roughly 1 million in 1940, 2 million in 1950, 3 million in 1960, 8 million in 1970, over 10 million in 1971, and more than 11 million in 1975. Between 1960 and 1975, the size of the AFDC population almost quadrupled. The AFDC rolls dropped to 10.3 million persons in 1979 and increased to over 10.8 million AFDC recipients in 1985.

Although there is no direct link between AFDC benefit payments and poverty levels, there is a high association between numbers of AFDC families and poor families. Between 1961 and 1979, (the latest period for which data are available), the rate of AFDC recipiency among white children climbed from 2.2 per 100 children to a peak of 7.4 in 1977 and dropped to 6.9 in 1979. For black children, the rate climbed from 13.6 children per 100 in 1961 to a peak of 39.8 in 1975 and declined to 35.3 in 1979. Over the 18-year period, 1961-1979, the rate climbed 214% for white children, but 160% for black children. Thus, the gap in use of AFDC by the races narrowed. In 1965, a black child was six times as likely to be on AFDC as a white child; in 1979 a black child was five times as likely to be on AFDC.

States decide how much money families need and how much to pay those without countable income. As of July 1986, 33 of the 54 jurisdictions (50 States, District of Columbia, Guam, Puerto Rico, and Virgin Islands) paid families less than States say they need. Maximum AFDC benefits for a family of four in July 1986 ranged from $144 in Mississippi ($112.92 paid by the Federal Government) to $823 in Alaska ($411.50 paid by the Federal Government).

*RECIPIENTS WHO BENEFIT:*

To receive AFDC payments, a family must pass two income tests: first, a gross income test, and second, a counted or net income test. The gross income test is 185% of the State's need standard for the relevant family size; and it applies to both applicants and enrollees. This was increased by Congress from 150% of the need standard in 1984. No one with gross income that exceeds 185% of the need standard can receive AFDC. For applicants, the counted income test is 100% of the need standard and it determines whether the family is deemed to be in "need". However, to be eligible for an actual payment, the family's counted income also must be below the State's payment standard which in 33 jurisdictions is below the need standard.

Eligibility for Federally aided AFDC ends on a child's 18th birthday, or at the State's option upon a child's 19th birthday if the child is a full-time student in a secondary or technical school and may reasonably be expected to complete the program before he or she reaches age 19. Federal law requires certain able-bodied recipients, including mothers whose youngest child is at least six years old to register for work or job training. States may require work registrants to participate in one of several work programs: Work Incentive (WIN) Program, Community Work Experience Program (CWEP), Work Supplementation, or Job Search.

In 1981, Congress required that a portion of the income of a stepparent be counted in determining AFDC eligibility and benefit

amounts. In 1984, a standard definition of AFDC assistance unit was established, which requires that the parents in the home and all minor related children are to be included in the AFDC unit, with eligibility and benefits based on the income and circumstances of the family unit. SSI recipients and stepbrothers and stepsisters are excluded from this requirement and the first $50 of monthly child support received by the unit is not counted when determining eligibility and benefits. In addition, if a minor who is living in the same home of her parents and applies for aid as the parent of a needy child, the income of the adolescent mother's parents is counted as available to the filing unit.

Finally, Federal law requires AFDC mothers to assign their child support rights to the State and to cooperate with welfare officials in establishing the paternity of a child born outside of marriage and in obtaining support payments from the father. AFDC also provides cash aid to foster care of AFDC-eligible children removed from their homes by court order and under certain conditions for those voluntarily placed in foster care.

Persons 16 years of age or older, who are receiving or applying for AFDC, must register for work and training as a condition of AFDC eligibility. An individual may be exempt from the work registration requirement if he or she is unable to participate due to illness, incapacity, advanced age, full-time student status, remoteness from a work incentive (WIN) program site, the need to care for an ill or incapacitated member of the household, or working at least 30 hours per week.

*SUMMARY OF FUNDING LEVELS*:

TOTAL STATE AND FEDERAL EXPENDITURES

[In millions]

| Fiscal year | Benefits | Administrative |
|---|---|---|
| 1980 | $11,956 | $1,479 |
| 1981 | 12,845 | 1,648 |
| 1982 | 12,857 | 1,756 |
| 1983 | 13,607 | 1,830 |
| 1984 | 14,371 | 1,698 |
| 1985 | 14,948 | 1,793 |
| 1986 | 15,295 | 1,950 |

B. FOOD STAMP ACT OF 1977 (P.L. 95-113)

*PROGRAM PURPOSE AND HISTORY*:

The food stamp program is designed to increase the food purchasing power of low-income families to enable them to buy a nutritionally adequate, low-cost diet. The program enables a participating family to spend no more than 30% of its "countable" cash income on food. Food stamp benefits make up the difference between that amount and the sum determined to be sufficient to buy an adequate low-cost diet. Thus, an eligible household with no countable cash income receives the maximum monthly food stamp allotment for its size (benefits also vary by family size), while one with some

countable cash income receives a lesser allotment—reduced from the maximum at the rate of 30 cents for each dollar of countable cash income.

Food stamp benefits are available to nearly all families meeting income and liquid asset eligibility tests, as long as certain family members fulfill employment-related requirements. In addition, recipients of Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) benefits are automatically eligible for food stamps.

In 1961, President Kennedy, in Executive Order No. 1, ordered expansion of distribution of surplus food. In a follow-up special message to Congress, the President directed the Secretary of Agriculture to establish pilot food stamp programs in specified areas for needy families, using general food assistance authority.

Since 1980, five laws have made substantial changes affecting food stamp eligibility and benefits: the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35); the Agriculture and Food Act of 1981 (P.L. 97-98); the Omnibus Budget Reconciliation Act of 1982 (P.L. 97-253); the Omnibus Continuing Resolution for FY 1985 (P.L. 98-473); and the Food Security Act of 1985 (P.L. 99-198).

*Omnibus Budget Reconciliation Act of 1981*: This Act made nine significant revisions affecting food stamp eligibility and benefits:

—Income eligibility limits were lowered by adding a new requirement that eligible non-elderly, non-disabled households have gross monthly incomes below 130% of the Federal poverty levels. (NOTE: The prior rule, and the rule retained for the elderly and disabled, required that eligible households have countable (net) monthly incomes—after allowing for all expense deductions—below the Federal poverty levels.)

—The food stamp program in Puerto Rico was replaced with a nutrition assistance block grant, effective July 1982. This grant was funded at a level estimated to be 15%-25% below what would have been spent if food stamps had been continued in the Commonwealth.

—Households with members on strike were made ineligible, unless eligible before the strike.

—First-month benefits were required to be prorated to reflect the date of application, thereby reducing first-month benefits for many recipients.

—Scheduled benefit increases to reflect food price inflation were postponed from January 1982 and each January thereafter to April 1982, July 1983, October 1984, and each October thereafter.

—Scheduled increases in the "standard deduction" to reflect inflation (and the benefit increases that would have resulted because of less countable income) were postponed from January 1982 and each January thereafter to July 1983, October 1984, and each October thereafter.

—Scheduled increases in the limit on deductions for high shelter costs and dependent-care expenses to reflect inflation (and the benefit increases that would have resulted for some recipients because of less countable income) were postponed from January 1982 and each January thereafter to July 1983, October 1984, and each October thereafter.

—Deduction for earned income was reduced from 20% to 18% of household earnings, reducing benefits to those with earned income.

—Related persons were required to apply together as a single household, with certain exceptions.

*Agriculture and Food Act of 1981*: This Act made five notable revisions to program eligibility and benefit rules:

—Benefit increases postponed by the 1981 Omnibus Budget Reconciliation Act were further postponed from April 1982, July 1983, October 1987, and each October thereafter to October 1982 and each October thereafter (thereby eliminating any benefit increases for FY 1982).

—States and localities were given authority to operate "workfare" programs for employable food stamp recipients.

—A portion of the income and resources of eligible aliens' sponsors was required to be attributed to the alien for food stamp eligibility and benefit purposes.

—The categories of recipients required to fulfill work requirements were expanded to include parents with dependent children, unless the children were very young.

—More household income was required to be counted by requiring consideration of certain reimbursements for expenses and payments to third parties as income.

*Omnibus Budget Reconciliation Act of 1982*: This Act contained 15 substantial eligibility and benefit revisions:

—Food stamp benefits were reduced across-the-board by approximately 1%, through a requirement that maximum food stamp monthly benefits equal only 99% of the cost of the Agriculture Department's "Thrifty Food Plan", rather than the full cost of the plan—effective October, 1982 through September, 1985.

—All benefit calculations (including inflation updates) were required to be rounded *down* to the nearest whole dollar.

—The definition of "disabled person" was expanded to include certain veterans and veterans' survivors, thereby qualifying them for the more liberal treatment accorded the elderly and disabled.

—The net income test (replaced with a gross income test in 1981) was reintroduced for non-elderly, non-disabled households, thereby subjecting them to both a gross and net income test.

—Counting of any July cost-of-living increase for social security and veterans' benefits recipients was delayed until October.

—The July 1983 increase in the standard deduction (called for in 1981 legislation) was delayed until October 1983 (with future increases to occur each October).

—The July 1983 increase in the limit on deductions for high shelter costs and dependent-care expenses (called for in 1981 legislation) was delayed until October 1983 (with future increases to occur each October).

—The use of "standard utility allowances" to reduce countable income was limited.

—Certain accessible retirement savings were required to be counted as assets in determining eligibility.

—Permissive authority was granted States to judge AFDC households as having met the food stamp test on asset holdings.

—Permissive authority was granted States to require food stamp recipients to begin a "job search" program at application.

—Disqualification from food stamps was required for government employees dismissed from employment due to participation in a strike.

—Work requirements were applied to parents or caretakers in households where another adult was already subject to the requirements.

—Rules disqualifying postsecondary students were tightened by limiting the exemption for parents to parents of very young children.

—Prorated benefits (in the first month of participation) of less than $10 were eliminated, and prorating procedures were applied to households failing to reapply in a timely manner.

*Omnibus Continuing Resolution for FY 1985*: This Act made only one major change in food stamp benefit rules. It restored the 1% benefit reduction mandated in 1982, effective November 1984.

*Food Security Act of 1985*: Title XV of this Act included 16 major revisions to food stamp eligibility and benefit provisions:

—States were required to design and implement employment and training programs for food stamp recipients.

—The collection of sales taxes on food stamp purchases was prohibited.

—Automatic food stamp eligibility was granted to households composed entirely of AFDC or SSI recipients.

—Permissive authority was granted States to disregard the first $50 a month in child support payments as income for food stamp purposes, if the State paid the benefit cost of doing so.

—The earned income deduction (reduced from 20% to 18% of earnings in 1981 legislation) was restored to 20%.

—Limits on deductions for high shelter costs and dependent-care expenses were raised substantially, thereby reducing countable income (and increasing benefits) for many recipients with these expenses.

—The definition of "disabled person" was expanded to include additional veterans, railroad retirement annuitants, SSI recipients, and others, thereby granting them the more liberal treatment accorded the elderly and disabled.

—Puerto Rico's block grant funding was increased.

—Limitations on assets that may be held by an eligible household were increased. The dollar limit applied to non-elderly households rose from $1,500 to $2,000, and the limit applied to single-person elderly households rose from $1,500 to $3,000.

—Assets having a lien against them were excluded as countable assets for eligibility determinations.

—Property directly related to the maintenance or use of a vehicle that is excluded as a countable asset (e.g., a vehicle used for business purposes) was excluded as a countable asset.

—Rules governing the treatment of households with self-employment income (such as farmers) were liberalized.

—Disqualification of an entire household for the failure of any member to meet work requirements was replaced by a rule that disqualifies the whole household only if the household head fails a work requirement.

—Student eligibility rules were changed by: exempting persons assigned to school under a Job Training Partnership Act program from the food stamp program's special tests for students; and disregarding the tuition and mandatory fee portion of education aid without regard to whether the school requires a high school diploma.

—Earnings received by on-the-job trainees in Job Training Partnership Act programs were required to be counted as earned income for food stamp purposes, except in the case of dependents under 19 years of age.

—Provisions requiring that only the portion of education aid devoted to tuition and mandatory school fees be disregarded for food stamp purposes were reinforced.

—A requirement was adopted to count as income providing that any portion of a regular cash welfare grant provided for living expenses that is diverted to a third party (with certain exceptions).

The listing of major eligibility and benefit changes does not include numerous legislative revisions to administrative rules that may have an effect on eligibility and benefits—such as rules governing monthly reporting of income and household circumstances by recipients, the use of a prior (rather than current) month's income in determining benefits, and procedures for verification of information provided by recipients.

At the Federal level, the food stamp program is administered by the Food and Nutrition Service of the U.S. Department of Agriculture which directs States and localities in their administrative tasks; which is responsible for the printing and distribution of stamps for the States; and oversees participation by retail food stores and other food outlets. At the State and local levels, the program is administered, along with the AFDC program, by welfare departments which are responsible for determining eligibility and issuing benefits.

The food stamp program operates in all 50 States, the District of Columbia, the Virgin Islands and Guam. Through June, 1982, it also operated in Puerto Rico. However, in July, 1982, the program was legislatively terminated and replaced by a food aid program designed by the Commonwealth and Federally funded through an annual block grant. This program grants cash benefits somewhat smaller than food stamp benefits to about 1.4 million persons.

The Federal Government, under the authority of the Food Stamp Act of 1977, establishes the rules that govern the program; with certain minimal variations for Alaska, Hawaii and the territories. They are nationally uniform. States may opt to offer the program

or not; but if a State chooses to offer it, it must offer the program throughout the State.

*ELIGIBILITY*:

The food stamp program imposes three major tests for eligibility: income limits, liquid asset limitations, and employment-related requirements.

In determining eligibility for most families, (AFDC-SSI families are automatically eligible for food stamps), the food stamp program looks at the entire family's monthly income. Both gross and countable monthly income is considered. Gross income includes all cash income of the household, except for energy assistance, the portion of student aid used for tuition and mandatory fees, reimbursements for expenses, and certain other income required to be disregarded by Federal law.

Countable income for households having an elderly or disabled member excludes from gross income the following: (1) an inflation indexed standard deduction of $98 per month, regardless of household size; (2) 20% of any earned income; (3) any work or training-related expenses for the care of a dependent, up to an inflation indexed ceiling of $147 per month; (4) out-of-pocket medical expenses of elderly or disabled household members, to the extent they exceed $35 per month; and (5) shelter expenses, to the extent they exceed 50% of the countable income remaining after all other potential deductions and excluded expenses have been subtracted out, with no limit.

In order to qualify for food stamps, a family must have countable monthly income below the Federal poverty levels. These levels are adjusted each July to reflect inflation as measured by the Consumer Price Index. In addition, a family without an elderly or disabled member must have gross monthly income below 130% of the Federal poverty levels, also adjusted for inflation each July.

*Assets*:

Eligible households cannot have liquid assets exceeding $2,000 or $3,000 in the case of those with an elderly member. This liquid asset limit excludes a portion of the value of motor vehicles, the value of the household's residence, business assets, household belongings and certain other resources.

*Work Requirements*:

In order to retain eligibility for food stamp benefits, household members not exempt from employment-related work registration requirements must register for, seek, and accept suitable employment, if offered. Exceptions are provided for those caring for disabled or very young dependents, those subject to another program's work requirements, those working at least 30 hours per week or earning the minimum-wage equivalent, the limited number of post-secondary students who are otherwise eligible, residents of drug addiction or alcoholic treatment programs, those under age 16 or age 60 or older, and certain members between ages 6 and 18.

In addition, nonexempt household members must fulfill any employment requirements imposed by the States. These may include

"workfare", intensive job search, or any other reasonable requirement established by the State.

*Other Limitations*:

Categorical eligibility restrictions include: (1) a ban on eligibility for families in which the primary wage earner has voluntarily quit a job without good cause, for 90 days from the date of the voluntary quit; (2) a ban on eligibility for households containing striking members, unless eligible prior to strike; (3) a ban on eligibility for most nonworking postsecondary students without young children; (4) a ban on eligibility for illegally or temporarily resident aliens and rules limiting eligibility for legally present aliens with sponsors; (5) a ban on eligibility for persons living in institutional settings, except for those in special small group homes for the disabled, persons living in drug addiction or alcoholic treatment programs, and persons in temporary shelters for battered women and children; and (6) a ban on eligibility for SSI recipients in California and Wisconsin.

Under these eligibility rules, it is estimated that as many as 30-35 million persons may be eligible for food stamps, nationwide, at some point during the year.

*Benefits*:

Food stamp benefits are a function of household size, countable monthly income, the cost of purchasing food using the Department of Agriculture's 'Thrifty Food Plan,' and, in some cases, geographical location. Maximum monthly allotments equal the cost of the Agriculture Department's Thrifty Food Plan, adjusted for household size and in some instances, geographical location, and indexed periodically for changes in food prices. A participating family's actual monthly allotment is determined by subtracting from the maximum for that household's size and location, an amount equal to 30% of its countable monthly income—on the assumption that it can afford to spend that much of its own income on food purchases, with the food stamp program supplementing its purchasing power to the extent necessary to buy an adequate low-cost diet. In determining benefits, the same countable income calculated when judging eligibility is used.

*RECIPIENTS WHO BENEFIT*:

Less than 20% of food stamp families rely solely on nongovernmental sources for their income, although nearly 40% have some income from these sources: earnings, private retirement income, alimony, and dividends and interest. The AFDC program contributes to the income of 50% of food stamp households, and for almost three-fourths of these families AFDC is their only source of income. Some 20% of food stamp households receive social security disability or retirement income, and about one-third of them rely entirely on that income. SSI payments are made to 18% of food stamp families, one-fourth of whom have no other income. State and local general assistance is received by 10% of food stamp households. Thus, for most persons participating in the food stamp program, food aid represents a second or third form of government payment.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Federal expenditures (in thousands)* |
|---|---|
| 1980 | $9,188,000 |
| 1981 | 11,308,000 |
| 1982 | 11,117,000 |
| 1983 | 12,734,000 |
| 1984 | 12,470,000 |
| 1985 | 12,599,000 |
| 1986[1] | 12,600,000 |

[1] Estimate by U.S. Department of Agriculture.

C. SOCIAL SERVICES BLOCK GRANT, AUTHORIZED BY OMNIBUS BUDGET RECONCILIATION ACT OF 1981 (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY:*

The purpose of the Social Services Block Grant (SSBG) program is to provide assistance to States to enable them to furnish services directed at the five goals of the statute:

(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;

(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency;

(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;

(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and

(5) securing referral admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Congress enacted Public Law 93-647, Social Services Adoption Amendments of 1974. This law created a new Title XX of the Social Security Act authorizing an entitlement for States for social services funds. Prior to that time the States were entitled to receive Federal matching funds for social services to welfare recipients under the various public assistance titles of the Social Security Act. In 1972, Congress established a $2.5 billion annual ceiling on the Federal share of State social service activities, with each State's share determined on the basis of its population relative to the total population of all States. When Title XX was enacted in 1974, the $2.5 billion ceiling was retained along with the allocation formula.

By FY 1981, the entitlement ceiling for allocation to States for social services were increased to $2.9 billion. In addition, $16.1 million was available for the territories for social services and $75 million was available to the States for staff training costs related to Title XX activities. As part of Public Law 96-272, the Adoption Assistance and Child Welfare Amendments of 1980, the entitlement was scheduled to increase further from $2.9 billion to $3 billion in FY 1982 and by $100 million a year until it reached $3.3 billion in FY 1985.

However, the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, amended Title XX of the Social Security Act to establish a Block Grant to the States for Social Services which combined the funding for social services for the States and territories and social services staff training. This act reduced the Title XX entitlement ceiling to $2.4 billion for FY 1982 and provided for increases to $2.45 billion in FY 1983, $2.5 billion in FY 1984, $2.6 billion in FY 1985, and $2.7 billion in FY 1986.

In October 1983, as part of legislation to extend the Federal supplemental compensation program (P.L. 98-135), the SSBG ceiling was increased permanently to $2.7 billion, beginning in FY 1984.

*FUNDING MECHANISM*:

Title XX Social Services Block Grant funds are allocated to the States on the basis of population. The allotments for Puerto Rico, Guam, the Virgin Islands and the Northern Marianas are based on their allocation for FY 1981 reduced to reflect the new total funding level.

The Federal funds are available to States without a State matching requirement, compared to the 25% State matching required for most of the Title XX funds available to the States prior to P.L. 97-35. With the enactment of P.L. 97-35, States have the authority to transfer up to 10% of their Title XX social services allotment to one or any combination of the block grants for community services; low-income home energy assistance; preventive health services; and maternal and child health services. These transfers to Title XX programs totaled approximately $78 million in FY 1983.

Under the Title XX Social Services Block Grant programs, each State must submit a report to the Secretary of Health and Human Services on the intended use of the funds. These pre-expenditure reports only are required to include information about the types of activities to be funded and the characteristics of the individuals to be served. Therefore, there is very limited information on the use of Title XX funds by the States.

*RECIPIENTS WHO BENEFIT*:

States directly receive funds that support social services. Currently, the most frequently provided services are: home-based services, day care for children, protective and emergency services for children and adults, and adoption services. FY 1979 is the most recent year for which data are available on the percentage of total Title XX dollars spent for various types of social services. Changes in the 1981 Block Grant altered reporting requirements for States to the extent that States no longer have to specifically report how funds are spent.

Day care services for children consumed about 21% of all Federal funds spent for Title XX in FY 1979. Home-based services, such as homemakers/chore services, accounted for about 16% of all Federal funds in 1979. Protective services and other services related to child foster care accounted for another 16%.

*SUMMARY OF FUNDING LEVELS:*

| Fiscal year | Appropriation (in billions) |
|---|---|
| 1980 | $2,691.0 |
| 1981 | 2,991.0 |
| 1982 | 2,400.0 |
| 1983 | [1] 2,675.0 |
| 1984 | 2,700.0 |
| 1985 | [2] 2,725.0 |
| 1986 (Gramm-Rudman sequester) | 2,583.9 |

[1] Includes $225 million in supplemental funding received through the jobs bill
[2] Includes $25 million for child abuse prevention and training

## 3. Benefit Plans

### A. SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED (SSI): THE SOCIAL SECURITY AMENDMENTS OF 1972, TITLE XVI (P.L. 92-603)

*PROGRAM PURPOSE AND HISTORY:*

Section 1601 of the Social Security Act (42 U.S.C. 1381) authorizes appropriations for the establishment of a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled. The program provides a nationally uniform cash income base for aged, blind, or disabled persons, including blind or disabled children under 18 years old, or, if students, between the ages of 18 and 22 years.

SSI benefits are adjusted automatically for price inflation. Whenever social security benefits rise because of an automatic cost-of-living adjustment (COLA), the law provides that SSI benefits will rise by the same amount.

Enacted in 1972, SSI went into effect on January 1, 1974. It replaced the previous Federal-State programs of cash aid for the aged, blind, and disabled. The old matching grant program of Aid to the Permanently and Totally Disabled (APTD) permitted no aid for a disabled person younger than 18. States covered needy disabled children, if at all, under the program of Aid to Families with Dependent Children (AFDC) and on the same terms as nondisabled children. However, the Aid to the Blind program (AB) imposed no minimum age limit, and about two-thirds of the States made provision for cash aid to needy blind children. States themselves decided which children were needy and how much to pay them under AFDC and AB.

In 1972, disabled children under the age of 18 years were included in the provisions of the law. SSI paid a maximum benefit of $336 monthly in 1986 to an eligible individual, and many States, at their own expense, provided supplements to the basic Federal benefit.

*FUNDING MECHANISM:*

Federal SSI benefits are paid by the Social Security Administration (SSA), which uses general revenues from the U.S. Treasury to finance benefits and their administration. At their own cost, States must supplement the basic benefits for a dwindling number of per-

sons previously enrolled in the pre-SSI programs of cash aid and may offer supplements to other SSI recipients. However, if a State chooses to have SSA administer its supplementary payments by adding them to the basic check, the Federal Government pays the administrative costs.

In FY 1984, Federal funds paid 80% of total SSI benefits and more than 95% of the estimated total administrative costs. The Federal share of benefit costs ranged from 61% in Massachusetts, which provided large supplementary payments, to 100% in Georgia, Tennessee, Texas, and West Virginia, where no recipient received a supplement.

*RECIPIENTS WHO BENEFIT:*

To qualify for SSI, a child must be blind or have a physical or mental impairment of severity comparable to one that would prevent an adult from working. The impairment must be expected to last at least 12 months or to result in death.

For basic Federal benefits, the child's countable income and resources (including a portion of those belonging to a parent who lives with him) cannot exceed Federal limits. The 1986 limits are: $336 monthly in income, $1,700 in resources (rising by stages to $2,000 in 1989). By regulation, earnings of disabled or blind students under 22 years old are not counted unless they exceed $400 a month or $1,620 a year. If a child is an unmarried student between the ages of 18 and 22, only his own income and assets are considered.

A 1978 study of SSI child recipients who were not in Medicaid institutions found that 85% of the caseload was living at home, but that the rest were in foster care or "other protective settings."

SSI and AFDC benefits are mutually exclusive programs. A person cannot participate in both. Thus, a needy mother with one able-bodied and one disabled child may receive AFDC for herself and the first child, while her disabled child receives SSI (which generally is much more generous than the AFDC child benefit). Furthermore, in most States, SSI recipients are automatically eligible also for Medicaid.

*SUMMARY OF FUNDING LEVELS:*

In December 1985, Federal SSI benefits to disabled and blind children totaled about $74.3 million. In that month, 265,325 children received Federally administered SSI benefits, as follows: 174,408 children received Federal SSI benefits plus a State supplement, and the remaining 1,172 children received only a State supplement.

In December 1985, children accounted for almost one out of every 16 SSI beneficiaries. The share of children in the SSI population has more than doubled since 1975, rising from 3% to 6.4% in 1985.

As the table below shows, estimated Federal SSI benefit outlays for disabled or blind children more than doubled from 1979 to 1985. The number of beneficiaries rose 25%; average benefits increased by 65%.

ESTIMATED FEDERAL SSI BENEFITS PAID TO BLIND AND DISABLED CHILDREN, 1979–85

| | Number of child recipients | Average monthly benefit | Annual rate of monthly benefits (thousands) |
|---|---|---|---|
| December: | | | |
| 1979 | 210,582 | $170.51 | $430,876 |
| 1980 | 227,040 | 198.51 | 540,837 |
| 1981 | 228,763 | 220.18 | 604,428 |
| 1982 | 227,941 | 241.96 | 661,831 |
| 1983 | 235,301 | 262.33 | 740,718 |
| 1984 | 247,595 | 273.71 | 813,231 |
| 1985 | 264,153 | [1]281.34 | 891,802 |

[1] In the same month, benefits to AFDC children (which are based on State-determined guarantee levels and any countable income) averaged $118.74 per person.

### B. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

*PROGRAM PURPOSE AND HISTORY:*

The program provides social security benefits to dependents of insured workers who retire, die, or become disabled. The original Social Security Act of 1935 did not provide benefits for survivors or dependents of workers. Following the recommendations of the 1938 Advisory Council on Social Security, Congress in 1939 enacted amendments that shifted the emphasis of the program from protection of the individual to protection of the family. The amendments provided benefits for dependents of insured workers based on a set proportion—75% for widows, 50% for others—of the worker's benefits (subject to a family maximum amount):

—wife or widow age 65 or older;

—child under age 16, or under 18 if regularly attending school (student requirement repealed in 1946); and

—widow of any age if caring for eligible child; and totally dependent parent age 65 or older.

Other amendments that have changed the original legislation include:

1950—Paid benefits at any age (i.e., under age 65) to the wife of a retired worker, or to the surviving divorced wife, if caring for an eligible child. The amendments also provided benefits to a dependent husband of a retired or deceased worker at age 65. (Previously only wives were eligible for spousal dependent benefits.)

1956—Provided benefits to a dependent child aged 18 or older of a deceased or retired insured worker if the child became disabled before age 18.

1958—Provided benefits to dependents of disabled workers under the same conditions as dependents of retired workers.

1965—Enabled widows to elect to receive reduced benefits as early as age 60 instead of age 62.

—Provided children's benefits to full-time students aged 18-21 of insured retired, disabled, or deceased workers.

—Provided benefits to divorced wives and widows if they were dependent upon the wage earner's support and if their marriage had lasted 20 consecutive years or more.

1967—Provided monthly cash benefits for disabled widows and disabled dependent widowers at reduced rates as early as age 50.

1972—Provided benefits for dependent grandchildren. Provided reduced benefits for widowers at age 60.

1977—Reduced a spouse's and surviving spouse's benefits by the amount of the government pension derived from his or her own work not covered by social security.

—Reduced the duration-of-marriage requirement for divorced spouses and surviving divorced spouses from 20 to 10 years.

1980—Established a limit on disability family benefits; the smaller of 85% of the worker's average indexed monthly earnings or 150% of the worker's basic benefit (known as the primary insurance amount). In no case would the limit be less than the primary insurance amount.

1981—Phased out benefits over the next four years for students over age 19 or in postsecondary school.

—Terminated entitlement for the mother or father caring for an entitled child when the child reaches the age 16 instead of 18 as under the old law. The child's benefits continue to age 18, as under old law.

*FUNDING MECHANISM*:

The Social Security program is financed primarily by payroll taxes from covered workers and employers on basically a pay-as-you-go basis, i.e., current taxes are largely used to pay current benefits. Excess taxes go into trust funds, composed of U.S. Government securities, that serve as contingency reserves in case expenditures temporarily exceed income. Social Security taxes are automatically appropriated solely to pay benefits and administrative expenses of the program. Benefits are paid as a matter of earned right, thus expenditures are determined mainly by the level of benefit claims.

*RECIPIENTS WHO BENEFIT*:

Spouses, divorced spouses, widows, widowers, divorced widows and widowers, parents, children and grandchildren of the worker.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Benefits* |
|---|---|
| 1980 | $35,281,300,000 |
| 1981 | 41,261,502,000 |
| 1982 | 45,186,541,000 |
| 1983 | 47,865,710,000 |
| 1984 | 49,337,063,000 |
| 1985 | 51,963,976,000 |
| 1986 | Not available |

## C. MILITARY SURVIVOR BENEFIT PLAN (P.L. 92-425)

*PROGRAM PURPOSE AND HISTORY:*

Under the Military Survivor Benefit Plan (SBP) a military retiree can have a portion of his or her retired pay withheld in order to provide, after his or her death, a monthly survivor annuity of up to 55% of monthly military retired pay (or up to 100% of monthly retired pay if total monthly retired pay is less than or equal to $300) for a surviving spouse, children, spouse and children, former spouse, or person with an "insurable interest" in the retiree's income. The intended purpose of the SBP is to "insure that the surviving dependents of military personnel who die in retirement or after becoming eligible for retirement continue to have a reasonable level of income."

The SBP has been amended by the following public laws and a brief description of the most important changes are included:

—P.L. 93-155, Nov. 16, 1973, 87 Stat. 605. Created a "grace period" or open season to "elect in" or switch from the former military survivor benefit program (the Retired Serviceman's Family Protection Plan) to the SBP.

—P.L. 94-496, Oct. 14, 1975, 90 Stat. 2375. Terminated withholdings from retired pay if the beneficiary became ineligible to receive SBP annuities. Reduced the number of years a post-retirement marriage must last in order for the spouse to qualify for SBP coverage, from two years to one year. Clarified language that allow the retiree to leave SBP benefits to a dependent child or children when a surviving spouse exists.

—P.L. 95-397, Sept. 30, 1978, 92 Stat. 843. Created provisions whereby a beneficiary whose SBP annuity was offset by the amount of Veterans Administration Dependency and Indemnity Compensation (DIC) being received could have the SBP benefits reinstated should the beneficiary stop receiving DIC. Under the provisions of P.L. 95-397, retired or retirement eligible members of the Reserve Components (including the National Guard) became eligible to participate in the SBP under modified conditions that reflect the differing nature of Reserve Component retirement from that of active duty personnel.

—P.L. 96-402, Oct. 9, 1980, 94 Stat. 1705. Revised the method of computing how SBP deductions were made from retired pay in order to better conform to the method used by the civil service survivor benefit program. Limited the social security offset (a reduction in SBP benefits that reflects the surviving spouse's eligibility to receive social security benefits based on the military service of the deceased retiree) to 40% of the SBP annuity. Made widows or widowers of a retirement eligible member of the armed forces who died on active duty before Sept. 21, 1972 (the date the SBP was enacted) eligible to receive SBP annuities. Allowed certain disabled retirees to terminate their participation in the SBP.

—P.L. 97-22, July 10, 1981, 95 Stat. 124. Replaced the title "Civil Service Commission" with "Office of Personnel Management."

—P.L. 97-252, Sept. 8, 1982, 96 Stat. 718. Created provisions that allow for former spouses of military retirees to be eligible for SBP coverage.

—P.L. 98-525, Oct. 19, 1984, 98 Stat. 2492. Eliminated the social security offset effective Sept. 30, 1985. Made technical modifications in the provisions of law providing former spouse coverage. Provided for the authority to initiate annuity payments under the SBP when the participant (retiree) is missing (and thereby presumed to be dead).

—P.L. 99-145, Nov. 8, 1985. Superseded, retroactively, the provisions of P.L. 98-525 that dealt with the social security offset. Created the "two-tier" SBP, wherein the surviving spouse of a military retiree will receive 55% of base military retired pay as a survivor annuity prior to reaching age 62. Upon reaching age 62 the spouse's survivor annuity is reduced to 35% of base military retired pay. Those who become eligible to participate in the SBP after Oct. 1, 1985 will have their annuity computed under the two-tier SBP. Those spouses participating or eligible to participate on Oct. 1, 1985, or earlier, will have their SBP annuity computed using either the pre-two-tier method (including the social security offset) or under the two-tier method, depending upon which is more financially advantageous.

*FUNDING MECHANISM*:

The cost of the SBP is shared by the Federal Government, the retiree, and, in certain instances, by the beneficiary. In FY 1985, for the first time, SBP costs (along with other military retirement costs) were accounted for in the Federal budget according to the "accrual accounting" method. Under this system, established by the FY 1984 Department of Defense (DOD) Authorization Act, the DOD budget reflects the estimated amount of money that must be set aside and accrued at interest to fund the survivor benefits to which survivors of military personnel currently on active or reserve component duty will be entitled in the future. All DOD budgets through FY 1984 reflected the costs of benefits currently being paid out to the survivors of deceased military retirees. Since FY 1985, under accrual accounting, these latter costs have been included in the Military Retirement Fund located in the Income Security Function of the overall Federal budget.

The participating retiree's portion is paid through reductions or withholdings from his or her monthly retired pay. The actual amount withheld from retired pay is dependent upon the prospective beneficiary's relation to the retiree and the amount of coverage provided. The amount withheld can be as high as 40% of monthly retired pay.

*RECIPIENTS WHO BENEFIT*:

The following individuals may be selected as beneficiaries under the provisions of the SBP:

(1) The surviving spouse of a military retiree who was married to the retiree at the time of retirement;

(2) The surviving spouse of a post-retirement marriage provided that the marriage lasted at least one year before the retiree's death;

(3) The surviving spouse of a post-retirement marriage who was a parent of a child from that marriage;

(4) The surviving spouse of a military member who was eligible to retire but had not applied for retirement;

(5) The child of a military retiree who are under age 18 (or 21 if a full-time student). It may be necessary for those eligible under this category to prove dependency on the retiree's income. A child who becomes mentally or physically incapacitated may continue to receive SBP benefits for the duration of the incapacitation;

(6) The surviving spouse and child of a military retiree may be covered as a group (see the above restrictions);

(7) The surviving former spouse of a military retiree who, except for the divorce, would otherwise be qualified under categories one, two, or three, above;

(8) A person with an "Insurable Interest" in the retiree's income. This may include other dependent relatives, such as parents, or a business partner who has an interest in the retiree's income. The beneficiary may have to prove dependency on the continued income of the retiree; and

(9) For those who are survivors of reserve component military personnel or retirees, the conditions for benefits and eligibility may be somewhat modified.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Funding (in thousands)* |
|---|---|
| 1980 | $256,052 |
| 1981 | 328,856 |
| 1982 | 388,626 |
| 1983 | [1] 452,890 |
| 1984 | 500,419 |
| 1985 | 567,818 |
| 1986 | [1] 674,700 |

[1] Estimate.

D. VETERANS' BENEFITS FOR CHILDREN: DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS (TITLE 38, UNITED STATES CODE, CHAPTER 13, SECTIONS 401, ET. AL.)

*PROGRAM PURPOSE AND HISTORY:*

The Veterans Administration provides monthly payments to survivors, including children of certain military service personnel and veterans. The payments are intended to compensate for a loss suffered to the family from the death of a wage earner.

Survivors' benefits date back to the Revolutionary War period. Over the years legislation has been enacted to revise eligibility requirements, increase benefit payments, and modify other program aspects. In the 99th Congress, benefit levels were adjusted for inflation.

*FUNDING AND PAYMENT MECHANISM:*

Benefit payment levels for surviving spouses are based on the military rank of the deceased with additional amounts per child.

Benefit payments to children directly are based on the number of siblings under age 18, and the health or school status of children over 18.

*RECIPIENTS WHO BENEFIT*:

Eligible children are those unmarried and (1) under age 18, (2) over age 18 and permanently incapable of self-support from a cause developed before age 18, and (3) age 18-23 and attending a VA-approved school. The deceased parent must have died while on active military duty, or died from a service connected disability, or died from a nonservice connected disability providing the parent was totally service-connected disabled for a specified number of years.

As of September 30, 1985, benefits were being provided for over 52,000 children.

*SUMMARY OF FUNDING LEVELS*:

Expenditures for children are unavailable.

E. PENSIONS FOR NONSERVICE-CONNECTED DEATHS (TITLE 38, UNITED STATES CODE, CHAPTER 15, SECTIONS 541, ET AL.)

*PROGRAM PURPOSE AND HISTORY*:

The VA provides monthly payments to income needy surviving spouses and children of certain veterans who died from a cause unrelated to military service. The payments are intended to compensate for the loss suffered to the family from the death of a wage earner.

Over the years, legislation has been enacted to review eligibility requirements and other program aspects. The last major legislative change (P.L. 95-588), among other revisions, provided that benefit payments are to be automatically adjusted for inflation at the same time and at the same rate as social security benefits.

*FUNDING AND PAYMENT MECHANISM*:

Benefit amounts are based on total family income and family size. In 1986, the maximum benefit for a family of two is $5,167, which is reduced by the amount of family annual income. The maximum benefit for each child without a surviving parent is $999, which is reduced by the child's annual income.

*RECIPIENTS WHO BENEFIT*:

Eligible children are those unmarried and (1) under age 18, (2) age 18-23 and attending a VA-approved school, or (3) over age 18 and permanently incapable of self-support due to a cause developed before age 18. The veteran must have had 90 days wartime service or have been retired from service due to a service-connected disability.

During September of 1985, benefits were provided for nearly 136,000 children.

*SUMMARY OF FUNDING LEVELS*:

Expenditures for children are unavailable.

## C. A RIGHT TO A HEALTHY BODY

### 1. HEALTH

#### A. MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY*:

The Maternal and Child Health (MCH) Block Grant provides grants to enable States to maintain and strengthen planning, promoting, coordinating, and evaluating health care for mothers and children and in providing health services for mothers and children who do not have access to adequate health care. In 1981, the Omnibus Budget Reconciliation Act, P.L. 97-35, consolidated the following seven Federal programs into a block grant under Title V of the Social Security Act: MCH and crippled children services, supplemental security income services for disabled children, lead-based paint poisoning prevention, genetic diseases, sudden infant death syndrome, hemophilia treatment centers, and adolescent pregnancy.

P.L. 97-35 also required States to prepare annual reports describing the intended use of payments, including data the State intends to collect on program activities; and transmit a statement of assurances to the Secretary. States must also prepare annual reports on block grant activities, and conduct biennial audits on program expenditures.

The Deficit Reduction Act of 1984, P.L. 98-369, increased the authorization level for the block grant to $478 million for FY 1984 and each fiscal year thereafter.

*FUNDING MECHANISM*:

The authorizing legislation for the block grant required that 15% in FY 1982 and an amount between 10% and 15% in subsequent fiscal years be used by the Federal Government for MCH research and training, projects of regional or national significance.

The Act provided that the remainder of the appropriation be distributed among States to provide services. In order to receive an allotment, States are required to spend three State dollars for every four Federal dollars received through the block grant.

States are awarded grants for the following purposes:

(1) to assure mothers and children, particularly those with low income or with limited availability of health services, access to quality maternal and child health services;

(2) to reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children, to reduce the need for inpatient and long-term care services, and to increase the number of children, especially preschool children, appropriately immunized against disease and the number of low-income children receiving health assessments and follow-up diagnostic and treatment services;

(3) to provide rehabilitation services for blind and disabled individuals under the age of 16 receiving benefits under the Supplemental Security Income program for disabled children;

(4) to provide services or assistance in locating medical, surgical, corrective, and other services, and care, and facilities for

diagnosis, hospitalization, and aftercare for children who are crippled or who are suffering from conditions leading to crippling; and

(5) to enable the Secretary to provide for special projects of regional and national significance, research, and training with respect to maternal and child health and crippled children, for genetic disease testing, counseling, and information development and dissemination programs, for grants relating to hemophilia without regard to age.

*RECIPIENTS WHO BENEFIT*:

Grants are awarded to State health agencies. Persons eligible for services under the program include mothers, infants, and children, particularly those from low-income families.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

In order to receive allotments, States must prepare and submit to the Secretary descriptions of the intended uses of funds received under the Maternal and Child Health Services Block Grant. These descriptions must be made public to facilitate comment.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | [1] $432.8 |
| 1981 | [1] 454.9 |
| 1982 | 373.7 |
| 1983 | 478.0 |
| 1984 | 399.0 |
| 1985 | 478.0 |
| 1986 (Gramm-Rudman sequester) | 457.4 |

[1] Represents combined funding for 7 separate categorical programs combined into MCH block grant beginning with fiscal year 1982.

B. MEDICAID (P.L. 89-97)

*PROGRAM PURPOSE AND HISTORY*:

The Social Security Amendments of 1965 (P.L. 89-97) established the Medicaid program (Title XIX of the Social Security Act). Medicaid is a Federal-State matching program providing medical assistance for low-income persons who are aged, blind, disabled, or members of families with dependent children. All States (except Arizona which is operating an alternative demonstration program) and the District of Columbia, American Samoa, Guam, Puerto Rico, the Virgin Islands, and the Northern Mariana Islands currently participate in the program. In 1960, Congress passed the Social Security Amendments of 1960 (P.L. 86-778), one section of which expanded the existing vendor payment program for welfare recipients and established a new category of assistance—the "medically needy" aged.

In its first years of existence, the cost of the Medicaid program increased rapidly and exceeded projected estimated costs. In FY 1967, the second year of the program, the total cost of Medicaid increased by 42.9% over the previous year. The program's cost for FY

1968 increased by 55.6% over FY 1967. Expenditures for the program in FY 1968 were 60.8% higher than the projected cost in the FY 1968 budget.

Congress approved program amendments in 1967 and 1969 designed to limit expenditure increases. P.L. 90-248 established a maximum income level for Federal financial participation in the cost of medical assistance for the medically needy. P.L. 91-56 clarified that States could cut back on the scope of their Medicaid programs in response to fiscal concerns; it also suspended, from July 1, 1975 to July 1, 1977, the goal date for States to have Medicaid programs offering comprehensive health care services.

Major amendments to the Medicaid program were incorporated in the Social Security Amendments of 1972 (P.L. 92-603). Cost control provisions included those repealing the comprehensive goal and "maintenance of effort" requirements instituting optional patient cost-sharing, and limiting Federal participation for capital expenditures not approved by health planning agencies. Amendments designed to improve program administration included those which increased Federal matching for the development and operation of Medicaid management information systems, established penalties for fraudulent acts and false reporting, and assigned responsibility for the establishment and maintenance of health standards to the State health agency. P.L. 92-603 also included provisions directed toward improving the delivery of long-term care services.

An additional Medicaid amendment was incorporated in P.L. 96-611, which permitted a State to impose transfer of assets restrictions. A State could defer or deny coverage to persons who transfer assets for a minimal payment in order to qualify for Medicaid coverage.

Major changes to the Medicaid program were included as part of P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981 (OBRA). It provided for reductions in Federal Medicaid funding over the FY 1982-FY 1984 period. The legislation also included a number of amendments designed to give States increased flexibility in implementing their Medicaid plans. These provisions include those modifying hospital reimbursement requirements; permitting competitive bidding for laboratory services and medical devices; authorizing agreements with prepaid entities other than Federally qualified health maintenance organizations (HMO's); and modifying requirements for medically needy programs.

OBRA also authorized the Secretary to grant certain waivers including those which would permit States to restrict practitioners or providers from whom a Medicaid recipient can receive services, provided certain conditions are met. Further, the Secretary can grant waivers for States to provide coverage under certain conditions, for a broad range of home and community-based services pursuant to an individual plan of care to persons who would otherwise require institutionalization.

In 1982, the Congress approved some additional amendments to Medicaid, as part of P.L. 97-248, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). This law modified the groups of persons with respect to whom States are permitted to impose nominal copayments for services. TEFRA authorized increased use of liens. It facilitated Medicaid coverage of home care for certain disabled

children. Further, the legislation provided for the replacement of the existing Professional Standards Review Organization (PSRO) program with a new utilization and quality control Peer Review Organization (PRO) program.

The Deficit Reduction Act of 1984 (P.L. 98-369) included several amendments to Medicaid. It required States to provide coverage to certain groups of pregnant women and young children. It modified the time intervals between required reviews of the need for continuing stays in skilled nursing facilities (SNF's) and intermediate care facilities (ICF's). Further, it increased the annual dollar ceilings on Medicaid payments to Puerto Rico and the territories.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) (P.L. 99-272), extends mandatory Medicaid coverage to pregnant women in two-parent families. It expands the services available under a home and community-based services waiver and permits States to offer hospice services as an optional benefit. The law also enhances third-party liability collections.

*FUNDING MECHANISM*:

Within Federal guidelines, each State designs and administers its own Medicaid program. Thus, there is substantial variation among the States in terms of eligibility requirements, range of services offered, limitations imposed on such services, and reimbursement policies. At the Federal level, the program is administered by the Health Care Financing Administration (HCFA) within the Department of Health and Human Services (DHHS).

The Federal Government's share of Medicaid expenditures is tied to a formula inversely related to a portion of the per capita income of the State. Federal matching for services varies from 50% to 78%. Administrative costs are generally matched at 50% except for certain items which are subject to a higher matching rate. The matching rate has been recalculated biennially. Beginning with FY 1986, the rate will be recalculated annually.

Federal matching grants to the States for both program benefits and state administrative costs are exempt from reductions under the Balanced Budget and Emergency Deficit Control Act of 1985. Federal administrative expenses are subject to the reductions.

States are required to offer the following services to categorically needy recipients under their Medicaid programs: inpatient and outpatient hospital services; laboratory and x-ray services; Skilled Nursing Facility (SNF) services for those over age 21; home health services for those entitled to SNF care; Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) for those under age 21; family planning services and supplies; and physicians' services. They may also provide additional medical services such as drugs, ICF services, eyeglasses, inpatient psychiatric care for individuals under age 21 or over 65.

States having medically needy programs must, at a minimum, cover ambulatory services for children and prenatal and delivery services for pregnant women. States are permitted to establish limitations on the amount of care provided under a service category (such as limiting the number of days of covered hospital care or the number of physicians' services).

*RECIPIENTS WHO BENEFIT*:

Eligibility for Medicaid is linked to actual or potential receipt of cash assistance under the Federally assisted Aid to Families With Dependent Children (AFDC) program and the Federal Supplemental Security Income (SSI) program for the aged, blind, and disabled. All States cover the "categorically needy" under their Medicaid programs. In general, these are persons receiving assistance under AFDC or SSI. States have the option of limiting Medicaid coverage of SSI recipients by requiring them to meet many more restrictive eligibility standards that were in effect on January 1, 1972 (before implementation of SSI). States choosing the more restrictive criteria must allow applicants to deduct medical expenses from income in determining eligibility. States may also cover additional persons as categorically needy. These might include persons who would be eligible for cash assistance, except that they are residents in medical institutions (such as skilled nursing facilities) or children up to age 21 (or reasonable classifications of these children) not meeting the AFDC definition of dependent children.

States are also required to extend categorically needy protection to the following groups of persons meeting AFDC income and resources requirements:

—first-time pregnant women from the time of medical verification of pregnancy (where such women would be eligible if the child were born);

—pregnant women in two-parent families where the principal bread winner is unemployed;

—children born on or after October 1, 1983, up to age five in two-parent families; and

—effective July 1, 1986, pregnant women in two-parent families.

States may also cover the "medically needy" under their Medicaid programs. These are persons whose income is slightly in excess of the standard for cash assistance, provided that:

—they are aged, blind, disabled, or members of families with dependent children; and

—their income (after deducting incurred medical expenses) falls below the State's medically needy standard.

*SUMMARY OF FUNDING LEVELS*:

[In millions]

| Fiscal year | Federal | State | Total |
|---|---|---|---|
| 1980 | $14,440.3 | $11,230.9 | $25,781.1 |
| 1981 | 17,073.5 | 13,303.0 | 30,376.5 |
| 1982 | 17,514.3 | 14,931.2 | 32,445.5 |
| 1983 | 18,985.0 | 15,971.0 | 34,956.0 |
| 1984 | 20,236.0 | 17,591.0 | 37,827.0 |
| 1985 | 22,664.0 | 18,495.0 | 41,159.0 |
| 1986 | 24,686.0 | 20,175.0 | 44,861.0 |

C. CHILDHOOD IMMUNIZATION PROGRAM (P.L. 98-555)

*PROGRAM PURPOSE AND HISTORY*:

Authorized under Section 317 of the Public Health Service (PHS) Act, the childhood immunization program is designed to assist States and communities in establishing and maintaining preventive health service programs and to immunize individuals against vaccine preventable diseases, including measles, rubella, poliomyelitis, diphtheria, pertussis, tetanus, and mumps. The Federal Government's involvement in immunization assistance for prevention and control of communicable disease began during the 1950's after the development of polio vaccines.

The Communicable Disease Control Amendments of 1970 (P.L. 91-464) created a new section 317 of the PHS Act to provide authority for the Federal Government to assist States and local governments in prevention and control of communicable diseases through the purchase of vaccines and other forms of assistance. The section 317 authority was extended and amended in 1972, 1976, and 1978, carrying the authority for the program through FY 1981 (P.L. 92-449; P.L. 94-317; P.L. 95-626).

In March 1981, the Reagan Administration, in its budget proposal for FY 1982, proposed to include the section 317 childhood immunization program in one of the two health block grants it planned to establish. After immediate opposition expressed by Members of Congress and the public health community that this program should remain a Federal responsibility and not be left entirely to the States as part of a block grant, the Administration withdrew the proposal. The Omnibus Budget Reconciliation Act of 1981, P.L. 97-35, which established four block grants in the area of health, also extended the section 317 authority as a separate categorical program administered by the Federal Government.

The Preventive Health Amendments of 1984 (P.L. 98-555) extended the authority for the section 317 immunization program through FY 1987. It also amended the authority to authorize grants for programs to immunize individuals against vaccine preventable diseases, so that the beneficiaries of the program would no longer be limited to children.

*FUNDING MECHANISM*:

The immunization program under section 317 is administered by the Center for Disease Control of the PHS. State and local applicants for project grant assistance submit applications to the appropriate regional office of the Department of Health and Human Services (DHHS).

Grant funds may be used for costs associated with planning, organizing, and conducting immunization programs directed toward vaccine preventable diseases of childhood and for the purchase of vaccine, and for the implementation of other program elements, such as assessment of the problem; surveillance and outbreak control; service delivery; information and education; adequate notification of the risks and benefits of immunization; compliance with compulsory school immunization laws, vaccine storage, supply, and delivery, citizen participation, and use of volunteers. Vaccine will be available "in lieu of cash" if requested by the applicants. Re-

quests for personnel and other items in lieu of cash will also be considered.

*RECIPIENTS WHO BENEFIT*:

States, local governments, State health authorities and other public entities, are eligible applicants for immunization grants. Private individuals and private nonprofit agencies are not eligible for immunization grants.

State and local grantees use the project grant funds, or vaccines provided in lieu of funds, to provide immunizations to their residents. They provide immunization directly, through their own public health personnel, or indirectly, by supplying immunizing agents to other providers, such as local health departments or private physicians. All residents of the area served by State and local programs are eligible to receive immunization.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $24.5 |
| 1981 | 24.1 |
| 1982 | 27.8 |
| 1983 | 27.4 |
| 1984 | 30.5 |
| 1985 | 42.4 |
| 1986 (Gramm-Rudman sequester) | 45.3 |

D. ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH BLOCK GRANT: TITLE XIX, PUBLIC HEALTH SERVICE ACT (PHS) (P.L. 97-35)

*PROGRAM PURPOSE AND HISTORY*:

The Alcohol, Drug Abuse, and Mental Health Block Grant, authorized under Title XIX of the PHS Act, provides financial assistance to States and territories to support projects for the development of more effective prevention, treatment, and rehabilitation programs and activities to address alcohol and drug abuse; and to support community mental health centers that provide services for mentally ill persons.

The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) repealed existing categorical programs for alcohol, drug abuse, and mental health services, and replaced them with the block grant. The 1981 legislation authorized grants to States for prevention, treatment, and rehabilitation programs and activities for alcohol and drug abuse and for the support of community mental health services.

In 1984, P.L. 98-509 extended the authority for the program through FY 1987 and revised the formula for allocating block grant funds among the States. The 1984 provisions required each State to use at least 5% of its block grant allotment for new alcohol and drug abuse services for women and 10% of the mental health part of its allotment for new services for severely mentally disabled children and adolescents and unserved or underserved populations.

The 1984 legislation also authorized States to use block grant funds to: (1) establish a mental health planning council to serve as an advocate for the mentally ill, by monitoring, reviewing, and evaluating the adequacy of mental health services in the State; and (2) develop a comprehensive mental health plan. The Secretary, acting through the Director of the National Institute of Mental Health (NIMH), could also make grants to States for the purpose of developing these plans. In addition, the legislation required the Secretary, in consultation with appropriate national organizations, to develop model criteria and forms for the collection of uniform data to enable States to share information on services provided under the block grant.

The 1984 amendments provided, for the first time, specific legislative authority for the Community Support Program (CSP), which had existed as a demonstration program under the general authority of section 301 of the PHS Act since 1977. Under the CSP, NIMH awards grants to States to promote the development of community support systems for the chronically mentally ill, and to improve the quality and appropriateness of services and opportunities for this population. Grants are also used to (1) encourage States and communities to give greater priority to the needs of this population, especially homeless mentally ill persons inappropriately living in emergency shelters, local jails, and on the streets of cities; and (2) to mobilize States and communities to make the necessary administrative and programmatic arrangements to improve opportunities and services for chronically mentally ill persons.

In 1985, P.L. 99-117 was enacted to require each State to assure that it will allocate not less than 3% of its total allotment in FY 1985 and not less the 5% in succeeding years to initiate and provide new or expanded alcohol and drug abuse services for women. States were also required to assure that 10% of their mental health allotments under the block grant would be used in FY 1985 to initiate and provide new comprehensive community mental health services for underserved areas or populations, with special emphasis on new mental health services for severely disturbed children and adolescents. In succeeding years, States will be permitted to use this special allocation to expand existing programs in these areas as well.

*FUNDING MECHANISM*:

Under the 1981 authorizing legislation for the block grant, appropriations were allocated to States on the basis of the States' proportion of total funds in previous years under the separate categorical programs which had been consolidated into the block grant. In order to assure a measure of continuity in funding support for the existing substance abuse and mental health activities during the transition from categorical programs to the block grant, the 1981 block grant legislation included specifications on how States could spend their allotments under the block grant.

States are required to award grants from the mental health portion of their block grant allotments to each community mental health center which received a grant under the Community Mental Health Centers (CMHC) Act in 1980. States are required to continue to support those centers unless they do not meet certain re-

quirements regarding the services they provide or are engaged in the misuse of funds.

States must distribute their allotments for drug abuse and alcoholism services. Of funds received by the State for alcohol and drug abuse activities, at least 35% must be used for alcoholism and alcohol abuse services and at least 35% for drug abuse services. In addition, of funds available to a State for alcohol and drug abuse services, at least 20% must be used for prevention and early intervention programs.

The 1984 block grant amendments revised the formula for allocating appropriations among the States. Under the revised formula, States receive allotments on the basis of their population and per capita incomes, to the extent that appropriations exceed amounts appropriated for FY 1984. However, States proportionate shares of FY 1985-88 appropriations or allotments may not be less than their shares or allotments received in FY 1984.

Since 1982, States have utilized block grants to fund programs that support:

—the maintenance of community mental health centers;

—both inpatient and outpatient alcohol and drug detoxification programs and counseling;

—dissemination of public awareness efforts related to troubled youths and availability of mental heatlh services through articles in educational or mental health publications;

—alcohol and drug abuse prevention programming, including school presentations, classes on responsible decisionmaking and training programs for teachers;

—community day treatment programs and residential programs for the chronically mentally ill;

—community outreach and intervention programs designed for early identification and entry into treatment; and

—community outpatient treatment programs for families and youth, experiencing difficulties due to alcoholism or drugs.

*RECIPIENTS WHO BENEFIT:*

Grant allocations are awarded directly to designated State and territorial agencies or Indian tribes where applicable. These agencies then distribute funds to public or nonprofit private entities which provide services for persons with alcohol and/or drug abuse problems, or for chronically mentally ill individuals, severely mentally disturbed children and adolescents, mentally ill elderly individuals, and identifiable populations which are currently underserved.

*PROVISIONS FOR COMMUNITY INVOLVEMENT:*

The State legislature is required to conduct public hearings on the proposed use and distribution of funds received under the block grant in order for the State to continue to receive an allotment. The 1984 amendments authorized the establishment of State mental health services planning councils to serve as advocates for the mentally ill, and monitor, and evaluate the adequacy of mental health services in the State. These councils are to be made up of State residents and include representatives of State mental health and higher education training agencies and public and private enti-

ties concerned with mental health. At least half of the membership shall consist of persons who are not State employees or providers of mental health services.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | [1] $606.0 |
| 1981 | [1] 519.4 |
| 1982 | 428.1 |
| 1983 | 468.0 |
| 1984 | 462.0 |
| 1985 | 490.0 |
| 1986 (Gramm-Rudman sequester) | 468.9 |

[1] Represents combined funding of separate categorical programs which were combined into the block grant beginning with fiscal year 1982.

### E. FAMILY PLANNING SERVICES AND POPULATION RESEARCH ACT OF 1970 (P.L. 91-572)

*PROGRAM PURPOSE AND HISTORY:*

Title X of the Public Health Service (PHS) Act authorizes project grants for voluntary family planning services, supports research to improve services delivery, provides grants to train family planning personnel, and makes available family planning information and education. The Office of Family Planning (OFP), which resides in the Office of the Deputy Assistant Secretary for Population Affairs (OPA) of the Public Health Service (PHS) administers the program.

The Family Planning Services and Population Research Act of 1970 (P.L. 91-572) established Title X of the PHS Act, which provided for populations research and voluntary family planning programs. Formula grants to States for family planning services were also authorized by P.L. 91-572 (section 1002), but funds for these grants were never appropriated by Congress. In addition to establishing Title X, the law also created the Office of Population Affairs to coordinate population research and family planning activities within the Department of Health and Human Services (DHHS).

The Act required Title X projects to give priority to furnishing family planning services to persons from low-income families. P.L. 91-572 added a requirement which prohibited the projects from charging these recipients for services, except to the extent that the charges would be paid by a third-party insurer. Another provision required the acceptance of any Title X service or information to be voluntary, and prohibited the acceptance of such services from being a prerequisite for receiving services from any other program. The Act prohibited Title X funds for abortion as a method of family planning.

The Family Planning and Population Research Act of 1975 (Title II of P.L. 94-63) extended the Title X program through FY 1977. P.L. 94-63 also specified that Title X research funds—rather than other Public Health Service Act funds—were to be an important source of funds used for Federal research in the biomedical, contraceptive development, behavioral, and program implementation

fields related to family planning and population. The Act required family planning projects to offer "a broad range of acceptable and effective family planning methods (including natural family planning methods)." The law assured the right of "local and regional entities" to apply for direct grants and contracts for family planning services. P.L. 94-63 amended the definition of "low-income family" in the payments section Title X. The legislation added penalties for government or project personnel who attempt to coerce any person to undergo an abortion or sterilization procedure.

The Health Services Extension Act of 1977 (Title III of P.L. 95-83) extended the Title X authorization through FY 1978. It also specified that the limitations P.L. 94-63 placed on the source of funds for family planning and population research also applied to the administrative costs of research.

The 1977 Act extended the Title X authority through FY 1981 and added a number of new requirements. For example, infertility services and services for adolescents were added to the planning methods and services offered. The legislation also required informational or educational materials developed or made available under Title X to be suitable to the educational and cultural background of the audience and the standards of the population or community.

The Omnibus Budget Reconciliation Act of 1981 (OBRA) (P.L. 97-35) extended the Title X program through FY 1984. OBRA also required family planning projects to encourage family participation in these projects. OBRA eliminated specific Title X spending authorization levels for family planning and population research, but left intact the Secretary's authority to conduct and to make grants and contracts for such research. P.L. 98-512 extended the Title X program through FY 1985. A series of continuing resolutions extended funding for Title X programs through FY 1987.

*FUNDING MECHANISM*:

The authority for reviewing, awarding, and monitoring the family planning service grants has been delegated to the PHS regional offices. The grant and contract activities related to research, training, and information and education are administered by the OFP.

PHS regional offices award grants to public and private nonprofit entities to establish and operate voluntary family planning projects. Projects are required to provide a broad range of acceptable and effective methods and services to all persons desiring such services—including natural family planning methods, nondirective counseling services, physical examinations (including cancer detection and laboratory tests), infertility services, pregnancy tests, contraceptive supplies, periodic follow-up examinations, referrals between other social and medical service agencies, and ancillary services.

*RECIPIENTS WHO BENEFIT*:

Title X grants provide family planning services to persons who desire such services and who otherwise would not have access to them. Inability to pay must not be a deterrent to services. Any public entity, including city, county, local, regional, or State government or nonprofit private entity is eligible to apply for a grant.

Priority is given to persons from low-income families. Individuals from other than low-income families are charged according to an established fee schedule.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Program guidelines require that grantees must provide, to the maximum extent feasible, an opportunity for participation in the development, implementation, and evaluation of the project (1) by persons broadly representative of all significant elements of the population to be served, and (2) by persons in the community knowledgeable about the community's needs for family planning services.

The Implementation and Evaluation Advisory Committee may be utilized to serve the community participation function or a separate group may be identified. In either case, the grantee's health care plan must include a plan for community participation, and by-laws or guidelines for these activities should be prepared. The community participation committee shall meet at least annually or more often if appropriate.

Each family planning project must plan to provide for community education. This should be based on an assessment of the needs of the community and should contain an implementation and evaluation strategy. Community education can be directed toward identifying local agencies and institutions which are likely to service significant numbers of individuals in need of family planning care. Projects should offer orientation sessions for the staffs of these related health and social services in order to help them better counsel and refer potential family planning clients.

Efforts can also be directed toward more general community education about family planning. A variety of approaches should be used, depending on the objectives of the program and the intended audiences. Some examples of techniques are individual contacts by outreach workers, more formal programs of discussions for larger groups or classes, and the use of public service announcements and posters.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $162.0 |
| 1981 | 161.7 |
| 1982 | 124.2 |
| 1983 | 124.1 |
| 1984 | 140.0 |
| 1985 | 142.5 |
| 1986 (Gramm-Rudman sequester) | 136.4 |

F. COMMUNITY HEALTH CENTERS (P.L. 94-63)

*PROGRAM PURPOSE AND HISTORY*:

The Community Health Centers (CHC) program, under section 330 of the Public Health Service (PHS) Act, provides grants to support the development and operation of community health centers.

These centers provide primary health services, supplemental health services and environmental health services to medically underserved populations.

In 1966, P.L. 89-749, the Comprehensive Health Planning and Public Health Services Amendments, added a new section 314(e) to the PHS Act, providing broad authority for project grants to public or nonprofit private entities to develop health services and related training programs. Congress intended that these projects focus on providing services to meet the health needs of a particular population or geographic region, or on public health problems with special regional or national significance. Section 314(e) also authorized (1) demonstration projects to develop and support new programs of general public health services, and (2) studies to develop new methods, through demonstrations, to improve existing provision of services.

Before any funds were appropriated under section 314(e), it was amended by the Partnership for Health Amendments of 1967, P.L. 90-174. These amendments transferred the authority for support of studies and demonstrations to section 304 of the PHS Act, and specified that training funded under section 314(e) should be related to services provided by the projects receiving funds. Projects funded under this section primarily supported ambulatory or comprehensive health care programs serving areas with scarce or nonexistent health care services and populations with special health care needs.

Several similar types of health centers were funded under section 314(e). Neighborhood Health Centers (NHC's), developed by the Office for Economic Opportunity (OEO), provided ambulatory health care to medically underserved populations, mostly low-income families in urban communities. Family Health Centers (FHC's) were first funded in 1978 to provide comparable services for medically underserved rural populations. In 1974, community health networks were funded under this authority.

With the passage of the Special Health Revenue Sharing Act of 1975 (P.L. 94-63), Congress specifically authorized Community Health Centers under a new authority, section 330 of the PHS Act. P.L. 94-63 specifically authorized grants to public and nonprofit private entities to plan, develop, and operate community health centers which would serve medically underserved populations. The Act defined this population to mean people living in an urban or rural area designated by the Secretary as having a shortage of such services. The centers were authorized to provide specific primary and supplemental services. CHCs could also provide environmental services designed to alleviate health care problems specific to the community. The Act required each center to establish a governing board to determine general policies for the center and approve the annual budget. P.L. 94-63 authorized centers for FY 1976 and FY 1977.

In 1977, P.L. 95-83 was enacted to extend the authority for CHC's through FY 1978, and increase its authorization level. In 1980, Congress enacted P.L. 96-626 to extend the program through FY 1981. The Act made minor revisions to the program such as specifying additional primary and supplemental health services and ascribing

environmental services which might be provided. P.L. 96-626 also increased authorizations for the program.

The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) extended the CHC program for one year and established, as part of a new Title XIX of the PHS Act, a Primary Care Block Grant, which in reality is a one-program grant. Beginning in FY 1983, States could begin applying for allotments under the block grant in order to award grants to community health centers. Allotments to the States under the block would be based on each State's proportion of funds awarded to CHC's in FY 1982. The Secretary of the Department of Health and Human Services (DHHS) would continue to administer the CHC program in States which did not apply for funds under the block grant or whose applications were not approved by the Secretary. States would be required to match Federal funds to be eligible for grants under this block. Presently only the Virgin Islands receives funds for Community Health Centers through the Primary Care Block Grant. All other CHCs receive their Federal funding through the categorical grant program.

Every year since 1983, the Administration has proposed to expand the Primary Care Block Grant to include the Migrant Health, Black Lung, and Family Planning programs and attempts to repeal some of the matching and spending requirements currently included in the Primary Care Block. These initiatives have been unsuccessful.

Legislation enacted into law in 1986, P.L. 99-280, both extends the authority for the CHC program through FY 1988 and repeals the authority under Title XIX for the Primary Care Block Grant.

*FUNDING MECHANISM*:

The Bureau of Health Care Delivery and Assistance in the Health Resources and Services Administration of the Public Health Service administers the CHC program. Funds for the individual grantees are allocated to the ten regional offices of the DHHS which award the grants to the public and nonprofit entities which operate the CHC's.

The range of services that may be provided by CHC's includes:

*Primary Health Services*:

—Physician and physician extended services
—Diagnostic laboratory and radiologic services
—Preventive health services, including children's eye and ear examinations to determine the need for vision and hearing correction, perinatal services, well child services and family planning services
—Emergency medical services
—Transportation services
—Preventive dental services
—Pharmaceutical services

*Supplemental Health Services*:

—Hospital services
—Home health services
—Extended care facility services
—Rehabilitative services

—Mental health services
—Dental services
—Vision services
—Allied health services
—Therapeutic radiologic services
—Public health services
—Ambulatory surgical services
—Health education services

*RECIPIENTS WHO BENEFIT*:

The CHC program supports the operation of health centers which provide primary health care services to residents of medically underserved areas. Although policies vary from center to center, services, in general, are provided to all individuals who seek care. Charges are usually assessed on a graduated scale; clients whose incomes are below 100% of the current Federal poverty income guidelines, $5,250 for family of one plus $1,800 for each additional person, in FY 1985, receive free care or services at a nominal fee. Persons with incomes above 100% but below 200% of the poverty level have reduced fees based on a sliding scale related to income and family size. Those persons whose incomes are over 200% of the poverty level pay the full charge.

In order for a center to be eligible for a grant, it must serve a population or area deemed by the Secretary of the DHHS to be medically underserved. A medically underserved area or population is one that has a shortage of personal health services. Whether or not an area is medically underserved depends on various criteria which include the infant mortality of the area or group as well as other factors which indicate the health status of the population group. The ability of the residents to pay for health services and their accessibility to those services are taken into account in determining medical underservice.

State and local governments, any public or nonprofit private agency, institution, or organization is eligible to apply for a grant under the CHC program. Profit-making organizations are not eligible.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Although the organization of the individual centers in the CHC program varies, there are a few common characteristics. Each center has a governing board whose majority must be clients of the center. The boards meet monthly to make operating decisions. The board's authority ranges from the scheduling of hours that services will be provided, to the selection of the center's director. Day to day operating decisions are made by the director of the center.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $320.0 |
| 1981 | 323.7 |
| 1982 | 281.2 |
| 1983 | 360.0 |
| 1984 | 351.4 |

| Fiscal year | Appropriation (in millions) |
|---|---|
| 1985 | 383.0 |
| 1986 (Gramm-Rudman sequester) | 396.0 |

G. MIGRANT HEALTH ACT OF 1962 (P.L. 87-92)

*PROGRAM PURPOSE AND HISTORY*:

The Migrant Health Act of 1962 (P.L. 87-92) established a program of grants to States and local agencies to provide family health clinics to domestic migratory workers and their families. Initially, funding for the program was limited. Only $750,000 of the authorized $3 million was appropriated in FY 1963, the first year of the program. The authority was used to support only preventive health programs, such as immunization, health education, and environmental safety programs conducted by State and local health agencies.

The Community Health Services Extension Amendments of 1965 (P.L. 89-105) increased the authorization of funds for the program and authorized the use of Federal funds for necessary hospitalization of migrants. With increased appropriations which followed, the program for the first time began supporting projects which actually delivered health care services to migrants.

In 1970, P.L. 91-209 expanded the authority of the program to allow support to projects providing health services to resident seasonal farmworkers and their families living in communities which experienced seasonal influxes of migrant farmworkers. The Health Revenue Sharing and Health Services Act of 1975 (P.L. 94-63) amended the authority to define the nature, services, and operations of a migrant health center, established a program of planning and development grants and grants for the cost of the operation of such centers, and required the Secretary to undertake a study of migrant housing conditions.

The Health Services and Centers Amendments of 1978 (P.L. 95-626) extended the migrant health authority through FY 1981 and made several amendments to the program relating to, among other things, expanding eligibility for services in migrant health centers to former migrant workers who were no longer eligible because of age or disability, and permitting centers to convert to the provision of health services on a prepaid basis.

In 1981, the Reagan Administration proposed to include the migrant health program in a health services block grant. Congress, instead elected to extend section 329 as a separate categorical authority for three years, through FY 1984.

Legislation enacted in 1986, P.L. 99-280, extends the authority of the Migrant Health Program through FY 1988.

*FUNDING MECHANISM*:

The Bureau of Health Care Delivery and Assistance in the Health Resources and Services Administration of the Public Health Service administers the Migrant Health program. Appropriated funds for the program are allocated to the regional offices of the Department of Health and Human Services (DHHS) which award

the grants to the public and nonprofit entities which operate the migrant health centers.

The services provided by these projects include primary health services such as physician care, diagnostic, laboratory, and radiologic services, preventive health, pharmaceutical, emergency medical and transportation services, as well as outreach and environmental health services. The projects may also provide such supplemental services as home health, dental health, and inpatient and outpatient hospital services.

*RECIPIENTS WHO BENEFIT:*

Migratory and seasonal agricultural workers and their families are the recipients of the program. A migratory agricultural worker is one whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last 24 months, and who establishes a temporary abode for the purposes of such employment. A seasonal agricultural worker is one whose principal employment is in agriculture on a seasonal basis and who is not a migratory worker.

Under section 329, State and local public agencies, such as health departments, and nonprofit organizations, such as health and welfare councils, medical societies, growers' associations, educational institutions, and other community groups, are eligible to apply for grants to establish and operate health centers for migratory and seasonal farmworkers and their families living in communities which experience influxes of migrant workers.

*PROVISIONS FOR COMMUNITY INVOLVEMENT:*

Regulations require that each center in the migrant health program has a governing board. A majority of the board members must be migratory and seasonal agricultural workers and members of their families who are or will be served by the center and who, as a group, represent the individuals being or to be served in terms of demographic factors, such as race, ethnicity, and sex.

No more than two-thirds of the remaining members of the board may be individuals who derive more than 10% of their annual income from the health care industry.

The remaining members of the board must be representatives of the community in which the center's service area is located and shall be selected for their expertise in relevant subject areas, such as community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social services within the community.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $39.7 |
| 1981 | 43.2 |
| 1982 | 38.2 |
| 1983 | 38.1 |
| 1984 | 42.0 |
| 1985 | 44.3 |
| 1986 (Gramm-Rudman sequester) | 44.9 |

## H. EMERGENCY FOOD AND SHELTER PROGRAM (P.L. 98-8)

*PROGRAM PURPOSE AND HISTORY*:

In 1983, Congress enacted the Emergency Job Appropriations Act (P.L. 98-8) which included, for the first time, appropriated funds for the Emergency Food and Shelter program and established an administrative mechanism for the program. Since that time, Congress has provided continued funding for the program through the appropriations process.

Administered by the Federal Emergency Management Agency (FEMA), the intent of this program is to purchase food and shelter, to supplement and extend current available resources and not to substitute or reimburse ongoing programs and services.

*FUNDING MECHANISM*:

FEMA obligates funds for the Emergency Food and Shelter program to a National Board composed of a FEMA official and representatives from private, nonprofit charitable organizations. The National Board subsequently distributes most of the money to local boards, also primarily composed of representatives from charitable organizations, in eligible jurisdictions. The local boards then select the direct service providers to be funded. In addition, some funds are reserved for direct service providers identified by State selection committees.

Jurisdictions may qualify for an award based upon their rate of unemployment or their rate of poverty. Once a jurisdiction's eligibility is established, the National Board determines its fund distribution based on a ratio calculated as follows. The average number of unemployed covered by the national program equals the area's portion of the award, less National Board administrative costs, and less that portion of program funds required to fulfill designated State awards.

In addition to the awards made to qualifying jurisdictions, an award is made to each State. This State Set-Aside Program has been adopted to allow greater flexibility in selection of needy jurisdictions and is intended to target pockets of poverty in nonqualifying jurisdictions; areas experiencing drastic economic changes such as plant closings; areas with large populations of homeless people or others not counted in unemployment figures; areas with high levels of unemployment or poverty which do not meet the minimum 1,000 unemployed; jurisdictions which have documented measures of need which are not adequately reflected in unemployment and poverty data.

A State Set-Aside committee in each State recommends high need jurisdictions and award amounts to the National Board. Priority consideration is given to jurisdictions otherwise ineligible for funding, although funded jurisdictions are not exempt from receiving additional funding.

*RECIPIENTS WHO BENEFIT*:

The Emergency Food and Shelter Program is the principal source of Federal funds for feeding and sheltering homeless individuals and families. Public and private, nonprofit organizations that

operate shelters and public kitchens are eligible recipients for these funds.

*PROVISIONS FOR COMMUNITY INVOLVEMENT:*

The National Board consists of a FEMA representative and representatives from the Salvation Army, the National Council of Churches of Christ in the U.S.A., the National Conference of Catholic Charities, the Council of Jewish Federations, Inc., the American Red Cross, and the United Way. The FEMA representative chairs the Board, but control and management decisions are shared. Each member of the Board has one vote, with policy decisions made by consensus.

The active involvement of nongovernmental officials in the implementation of the program extends to the local level as well. The local boards replicate, as much as possible, the structure of the National Board. The exception is that instead of a FEMA official, a mayor or other locally elected official represents the government. Just as the National Board identifies the communities to receive funds, the local boards decide which service delivery communities will receive funds. In addition, like the National Board, each local board responds to appeals concerning the allowable expenses.

National Board funds are distributed to a Local Recipient Organization certified eligible by Local Boards. Local/State Boards are established and comprised of individuals nominated by, to the extent practicable, the same voluntary organizations represented on the National Board with the local/State head of government replacing FEMA. Local/State Boards may also include representatives nominated by other community organizations.

In each State, the State United Way or United Way in the capital city, will be notified of the award amount available to the State Set-Aside Committee and shall convene a committee consisting of State representatives of the same voluntary organizations represented on the National Board. The Governor or his/her representative will replace the FEMA member. State set-aside committees have the responsibility of recommending high need jurisdictions and award amount within the State.

*SUMMARY OF FUNDING LEVELS:*

Unlike most Federal domestic assistance programs, the emergency food and shelter program has never been authorized. The funds for the program have been appropriated in appropriations acts, supplemental appropriations acts, and a continuing resolution. In addition, the funding level for the program has fluctuated from one phase of funding to another, and the length of time funds remain available vary according to when funds were appropriated.

| Year | Amount | Public Law No. | Authority |
|---|---|---|---|
| 1983 | $100,000,000 | 98-8 | Emergency Jobs Act. |
| 1984 | 10,000,000 | 98-151 | Continuing resolution. |
| 1984 | 30,000,000 | 99-181 | Supplemental appropriations. |
| 1984 | 20,000,000 | 99-88 | Do. |
| 1985 | 70,000,000 | 98-396 | Do. |
| 1986 | 70,000,000 | 99-160 | HUD-independent agencies appropriations. |

## I. NATIONAL INSTITUTE ON CHILD HEALTH AND HUMAN DEVELOPMENT (NICHD): PUBLIC HEALTH SERVICE ACT, TITLE III, SECTION 301 (P.L. 87-838)

*PROGRAM PURPOSE AND HISTORY:*

On the recommendation of President John F. Kennedy, in 1962 the National Institute of Child Health and Human Development was established under the Public Health Service Act and signed into law. P.L. 88-164 provided grants to help pay for the construction of centers on mental retardation and related disabilities. Although this authority expired in 1967, NICHD remains closely associated with the 12 existing centers.

The mission of National Institute of Child Health and Human Development (NICHD) is to conduct and support research on the reproductive, developmental, and behavioral processes that determine the health of children, adults, families, and the general population. NICHD administers a multidisciplinary program of research, research training, and public information. The Institute's ultimate objective is to ensure that every child has the opportunity to fulfill his or her potential for a healthy and productive adult life.

In pursuit of this goal and its objective, the Institute:

(1) Supports an extramural research program in universities, medical schools and other institutions;

(2) Conducts clinical and fundamental research within its intramural laboratories;

(3) Informs the general public about research related to population problems and maternal and child health;

(4) Engages in Federal interagency programs related to research on population and maternal and child health; and

(5) Collaborates with voluntary and professional organizations with similar interests.

In December, 1970, Congress enacted P.L. 91-572, which added Title X to the Public Health Service Act. This law authorized grants and contracts for research and research training in family planning and populations problems. Under NICHD, the program is administered by the Center for Population Research.

In July, 1975, Title II of P.L. 94-63, the Family Planning and Population Researach Act amended Title X of the Public Health Service Act to enable Title X to become the sole authority for population research appropriations. In 1981 this requirement was removed under P.L. 97-35 (OBRA).

In order to address its mandate, NICHD has organized its extramural and intramural research around 10 categories:

(1) Pregnancy, birth, and infant development

(2) Congenital abnormalities

(a) Inherited factors

(b) Emphasis on Down Syndrome

(c) Nutrition, infection, metabolic imbalances, immunologic reactions, drugs

(3) Sudden Infant Death Syndrome

(4) Nutrition

(5) Child and adolescent development with emphasis on learning, cognition, communication skills, and social and affective development
(6) Mental Retardation
(7) Contraceptive development
(8) Contraceptive evaluation—long term
(9) Fertility/infertility
(10) Population dynamics—focus on population changes expressed through patterns of fertility, mortality, and migration.

*FUNDING MECHANISM*:

Eighty percent of the NICHD budget supports research and research training through grants and contracts to institutions of higher education, including medical schools, organizations with related interests, and individuals in the form of fellowships. Grants and contracts are awarded on a competitive basis. Interested parties are required to apply for grants and contracts in specific areas of research. Applications are evaluated for scientific merit and relevance to the Institute's mission by extramural Research Groups and the Institute's National Advisory Council.

*RECIPIENTS WHO BENEFIT*:

For the most part, direct recipients of benefits are those institutions, organizations, and/or individuals who receive funds from NICHD. However, a limited number of research patients receive medical services as a result of participation in research programs and, in conjunction with training provided in the various research sites. Patients are generally referred to the research programs by a physician.

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Involvement from the community at large is minimal.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $208,953 |
| 1981 | 220,628 |
| 1982 | 226,309 |
| 1983 | 254,318 |
| 1984 | 273,359 |
| 1985 | 310,540 |
| 1986 | 321,796 |
| 1986 (Gramm-Rudman sequester) | 307,958 |

J. HOME HEALTH CARE (P.L. 97-414)

*PROGRAM PURPOSE AND HISTORY*:

The Home Health Services program under section 339 of the Public Health Service Act (PHS) is designed to increase the nation's capacity to provide home health services in areas in which such services are inadequate or not readily accessible and to im-

prove the quality of care provided by home health agencies by training home health services paraprofessionals.

The Orphan Drug Act of 1982 (P.L. 97-414) authorized grants and loans under section 339 of the PHS Act for FY 1984 to establish home health programs, grants and contracts to develop training for paraprofessionals to provide home health services. In 1984, P.L. 98-555 extended this authority through FY 1987.

*FUNDING MECHANISM*:

Funds are allocated to each of the regional offices of the Department of Health and Human Services with preference being given to those approvable applications proposing to serve areas within a State which have a high percentage of elderly, medically indigent, or elderly indigent. The respective Regional Health Administrator has award authority and selects the applicant to be awarded and the dollar level for each award.

Grants and loans for establishing a home health agency may be awarded for 17 months. Training grants may be awarded for 12 months. Grants and loans may be provided to establish *or* expand an existing home health agency. Grants and contracts may be awarded for the training of home health services paraprofessionals. Loans may be made for up to a 10-year period at an interest rate based upon the prevailing rates.

*RECIPIENTS WHO BENEFIT*:

Grants for the establishment or expansion of existing home health services may be provided to any nonprofit or public entity including State and local governments and Federally recognized Indian tribal governments. Loans may be made only to profit making entities. Training grants may be awarded to public and private entities and contracts entered into with profit making entities.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1983 | $5.0 |
| 1984 | 5.0 |
| 1985 | 3.0 |
| 1986 (Gramm-Rudman sequester) | 1.435 |

K. DEVELOPMENTAL DISABILITIES ACT OF 1984 (P.L. 94-103)

*PROGRAM PURPOSE AND HISTORY*:

The Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (P.L. 88-164) provided Federal funds for the construction of facilities which provide comprehensive services to mentally retarded and mentally ill persons. P.L. 91-517, the Developmental Disabilities Services and Facilities Construction Amendments of 1970 amended the 1963 law. Under P.L. 91-517, Congress addressed for the first time the needs of a group of handicapped individuals designated as developmentally disabled. Under the 1970 amendments, developmental disabilities were de-

fined to include disabled persons with mental retardation, cerebral palsy, epilepsy, and other neurological conditions closely related to mental retardation which originate prior to the age of 18 years and constitute a substantial handicap.

The 1970 amendments authorized State allotments for planning, services and construction of facilities for persons with developmental disabilities. Each State was required to submit a plan that designated a State planning and advisory council. Under law, one-third of the council was required to be composed of consumers of services. The plan described the quality and quantity of services to be provided.

Under the 1970 amendments, Congress also addressed the need to meet shortages of personnel who provide services to developmental disabled persons through the establishment of a grant program and an interdisciplinary training program in institutions of higher education. The law required the establishment of a network of university affiliated facilities (UAF's) in institutions of higher education. The UAF's are designed to provide services to developmentally disabled persons and their families and interdisciplinary training to professionals and paraprofessionals in such fields as medicine, psychology, education, psychiatry, social work, speech pathology and audiology, and community services.

New amendments were established in 1975 under the Developmental Disabled Assistance and Bill of Rights Act (P.L. 94-103). These new amendments authorized a system of protection and advocacy program to be established in each State as a condition of receipt of a State grant for planning and services. The 1975 amendments also addressed the rights of developmentally disabled persons to appropriate treatment and services designed to maximize individual potential in a setting that is least restrictive of personal liberty.

Under the 1975 amendments, developmental disabilities were expanded to include autism and dyslexia, if dyslexia resulted from one of the other disabilities included in the definition.

An important requirement was added under the 1975 amendments. All persons served under authorized programs are to have in effect a written habilitation plan which states long-term habilitation goals, intermediate objectives and a plan for service delivery.

The 1978 amendments established four priority service areas and required that States choose not more than two priority service areas for expenditure of not less than $100,000 or 65% of the State grant funds, whichever is greater. The four priority areas were:

(1) case management services;
(2) child development services;
(3) alternative community living arrangement services; and
(4) nonvocational social-developmental services.

The 1984 amendments (P.L. 98-527) added employment-related activities as one of the priority service areas. Employment related activities must be one of a State's priority service activities after FY 1986 if the appropriation for the State grant program equals or exceeds $50.25 million in that year. The amendments provide that States may choose three priority service areas beginning in FY 1987. The 1984 amendments deleted nonvocational social develop-

mental services as a priority service area, but retained authorization for these services on a nonpriority basis.

*FUNDING MECHANISM*:

Federal funds for grants, planning, and the provision of services for persons with developmental disabilities are allotted to States on the basis of population, the extent of need for services for persons with developmental disabilities, and the financial need of the respective State. A three-year per capita income average is used to reflect financial need. Matching funds are required on a 75%-Federal and 25%-State basis, except in areas of urban or rural poverty where the match is 90% Federal and 10% State.

As a condition of receipt of a State grant for planning and services, States must operate a system to protect and advocate the rights of persons with developmental disabilities. The system must have the authority to pursue legal and administrative remedies to assure the protection of rights.

Federal funds for UAF's are awarded directly to institutions of higher education based on applications. Satellite centers, spin-offs of UAF's, also provide interdisciplinary training and technical assistance to other agencies in areas not served by a UAF.

Discretionary funds to support demonstration projects, evaluation and assessment activities are awarded to public and private nonprofit agencies. Special project funds are to be used only for projects conducted in more than one State, projects involving two or more Federal agencies or projects that are considered of national significance.

*RECIPIENTS WHO BENEFIT*:

Recipients under this legislation are persons with ". . . chronic disabilities which are attributable to mental and/or physical impairments which are apparent before the age of 22. Developmental disabilities tend to be life-long and result in substantial limitations of major life activities such as self-care, mobility, self-direction, the capacity for independent living and economic self-sufficiency. Due to the severity of handicaps which developmentally disabled people have, services must be individually planned and coordinated." (Consortium for Citizens with Developmental Disabilities, 1985).

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $62.437 |
| 1981 | 61.181 |
| 1982 | 58.683 |
| 1983 | 60.5 |
| 1984 | 62.397 |
| 1985 | 75.7 |
| 1986 (Gramm-Rudman sequester) | 76.9428 |

## 2. NUTRITION

### A. SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) (P.L. 92-433)

*PROGRAM PURPOSE AND HISTORY*:

In order to link food distribution more closely with health care, the WIC program was created in 1972 to provide nutritious supplemental foods to women, infants and children through the age of four years who are determined to be at nutritional risk. A competent professional authority such as a physician, nutritionist, dietitian, or registered nurse determines whether an individual is at nutritional risk.

Authorized under section 17 of the Child Nutrition Act, this program operates in conjunction with two other programs that serve the same target groups: the food certificate program which provides vouchers to recipients for milk, infant formula and cereal only; and the commodity supplemental food program that provides a specialized package of USDA food commodities directly to recipients.

Congressional authorization for the WIC program expired in September, 1984. The Congress provided funds for this program through continuing resolutions through FY 1986, when the program was reauthorized through FY 1989 under the School Lunch and Child Nutrition Amendments of 1986. Under the 1986 Amendments, the WIC program was reauthorized at such sums as may be necessary for FY 1987 and 1988, and $1.782 million for FY 1989. Other changes include:

—State ineligibility to participate in the WIC program if State or local sales taxes are collected on food purchased under the WIC program;

—A required description of coordinated operations among Aid to Families with Dependent Children (AFDC), maternal and child health care programs and WIC in the State plan; and

—Priority be given to pregnant women, breast-feeding women, and infants and nutritional risk when a local agency reaches maximum participation level.

The WIC program is one of the most cost effective Federal programs. According to a study conducted by the Harvard School of Public Health, for every $1 that is invested in the program, $3 is later saved in medical costs. The WIC program has proved to be especially beneficial to individuals who are poorly educated, poor, minority, or living in a single-parent household. In addition, a study reported by the U.S. Department of Agriculture in 1985 revealed that the WIC program:

—Reduces the fetal death rate by almost a third;

—Reduces the number of infant deaths;

—Reduces by 15-25% the number of premature births among high-risk mothers;

—Improves the nutritional status of women and children;

—Improves the likelihood that children will have a regular source of medical care and be better immunized;

—Improves the likelihood that mothers will seek and receive prenatal care; and

—Improves the cognitive development of children.

*FUNDING MECHANISM*:

Federal funds for the operation of the WIC program are generally provided to State health agencies. The State, in turn, passes funds on to local agencies such as county public health departments, community health agencies, municipal public health agencies, and public welfare agencies. Federal funds are available for both food and administrative costs. Food is provided either directly by the local agency, or through recipient purchases made with vouchers, redeemable at local grocery stores.

Vouchers, the most common type of system used, are authorized for the purchase of specific types and quantities of food items appropriate to the nutritional needs of the recipient. The items normally authorized for WIC food packages include milk, eggs, cheese, infant formula, fruit and vegetable juices and cereals. Approximately 50% of WIC food is made up of dairy products.

*RECIPIENTS WHO BENEFIT*:

Pregnant and postpartum women, infants and children through the age of four years who are determined to be at nutritional risk due to inadequate nutrition are eligible to receive services under the WIC program. In FY 1985, $1.5 billion was appropriated for the WIC program which served 3.1 million recipients.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *WIC funding appropriations* |
|---|---|
| 1980 | $736.2 million |
| 1981 | 900.0 million |
| 1982 | 904.320 million |
| 1983 | 1.160 billion |
| 1984 | 1.360 billion |
| 1985 | 1.500 billion |
| 1986 | 1.560 billion |

B. SCHOOL BREAKFAST PROGRAM: THE CHILD NUTRITION ACT OF 1966, AS AMENDED (P.L. 89-642)

*PROGRAM PURPOSE AND HISTORY*:

The school breakfast program provides Federal funds for breakfasts for children in schools and residential child care institutions. The program must operate on a nonprofit basis and provide breakfasts which meet nutritional criteria set by the Secretary of Agriculture.

Initially authorized as a two-year pilot project, the school breakfast program was statutorily established under the Child Nutrition Act of 1966 (P.L. 89-642). The original legislation provided for grants-in-aid to States. States were required to disburse grant funds to schools according to a rate per meal, or some other method prescribed by the Secretary. First consideration for program implementation was to be given to schools in economically deprived areas and areas where children had to travel a great dis-

tance to school. Federal funds were to pay for a portion of the food used in the program, but not for labor costs. In cases where rates established by the Secretary were insufficient to carry out a program ("severe need" cases), Congress permitted payments of up to 80% of all operating costs.

Major amendments to the original legislation include the following:

(1) a provision that the income eligibility criteria for low-income children receiving free and reduced-price breakfasts be based on the same criteria as used in the school lunch program (P.L. 92-32, 1971);

(2) establishment of minimum reimbursement rates for each kind of breakfast served and additional reimbursements for free breakfasts in "severe need" schools (P.L. 93-150, 1973);

(3) permanent authorization of the program (P.L. 94-105, 1975);

(4) establishment of Federal eligibility guidelines for schools receiving severe need assistance (P.L. 95-627, 1978);

(5) the provision of additional assistance to encourage program expansion (P.L. 95-627, 1978). Amendments (P.L. 97-35) in 1981 lowered reimbursement rates for paid and reduced-price breakfasts, tightened the "severe need" eligibility criteria, and lowered the income eligibility criteria for free and reduced-price breakfasts, and

(6) provision of an additional 3 cents in cash reimbursement and at least 3 cents in commodities for each breakfast served, and a requirement that the Secretary of Agriculture review and revise the nutritional requirements for breakfasts to improve their nutritional quality within 180 days after the enactment of the law.

*FUNDING MECHANISM*:

Federal assistance to States, usually State educational agencies, is provided according to legislatively set reimbursement rates for each breakfast served. The amount of Federal reimbursement varies according to the family income of the participating child. A regular reimbursement rate is available to all participating school and institutions for breakfasts served to non-poor children. Higher rates are set for breakfasts served free or at reduced-price to low-income children. Additionally, schools which serve more than 40% of their school lunches to such low-income children may receive additional "severe need" reimbursement for such breakfasts.

*RECIPIENTS WHO BENEFIT*:

All children attending a participating school may receive such subsidized breakfasts, and are charged for each meal according to their family income. Children from families with incomes at or below 130% of the Federal poverty income level receive free breakfasts, those falling above 130% but at or below 185% of poverty receive reduced-price breakfasts, and children above 185% of poverty receive breakfasts at the full price.

All public elementary and secondary schools are eligible to participate in the school breakfast program. Private, nonprofit elementary and secondary schools that do not charge more than an aver-

age annual tuition of $1,500 per student are also eligible to participate as are public and private nonprofit licensed residential child care institutions.

In FY 1967, a daily average of about 80,000 children participated in the school breakfast program with about 75% of those children receiving free and reduced-price meals. In FY 1984, 34,820 schools participated in the breakfast program.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $249.8 |
| 1981 | 321.0 |
| 1982 | 335.0 |
| 1983 | 341.0 |
| 1984 | 372.6 |
| 1985 | 407.0 |
| 1986 (estimate) | 410.9 |

C. NATIONAL SCHOOL LUNCH PROGRAM: THE NATIONAL SCHOOL LUNCH ACT OF 1946 (P.L. 79-396), AS AMENDED

*PROGRAM PURPOSE AND HISTORY*:

The national school lunch program provides Federal cash and commodity assistance to schools serving lunches to students each school day. Administered at the Federal level by the Food and Nutrition Services (FNS) of the U.S. Department of Agriculture (USDA), the school lunch program is the oldest and largest of the USDA's child nutrition programs.

The origins of the school lunch program can be traced back to the mid-1930's when USDA started a program for purchasing and distributing surplus agricultural commodities. Permanently authorized in 1946, the National School Lunch Act (P.L. 79-396) was intended to protect the health of American school children and encourage the domestic consumption of agricultural commodities. As originally passed, the National School Lunch Act included the following requirements, establishing what were to become permanent features of the program: lunches were to meet certain nutritional standards set by the USDA; lunch programs had to be nonprofit; subsidized lunches were to be available to all children, and free or reduced-price lunches had to be provided to children unable to pay the full price; non-Federal matching funds were required; and the USDA was to purchase and distribute commodities for school food programs.

Since 1946, Congress has made significant revisions in the school lunch program. Major changes to the original program include the following: (1) permanent authorization of additional financial assistance for meals served to low-income children; (2) the establishment of an income test for low-income children receiving free and reduced-price lunches; and (3) the establishment of specific reimbursement rates for each lunch served instead of grant funds to States distributed according to a formula. Up until the 1980 and 1981 reconciliation laws, the majority of changes expanded pro-

gram participation by broadening eligibility criteria and Federal subsidies for free and reduced-price lunches. The 1980 and 1981 amendments made changes that reduced income eligibility levels and Federal subsidies for all lunches.

The School Lunch and Child Nutrition Amendments of 1986 require that any child who is a member of a family receiving food or AFDC benefits in a State where the income standard of eligibility does not exceed 130% of poverty be served a free lunch and breakfast without application or eligibility determinations. The amendments also require that schools participating in the school lunch program offer whole milk as a beverage.

*FUNDING MECHANISM*:

Federal assistance to States, usually State educational agencies, for the school lunch program is provided in the form of legislatively set cash or commodity reimbursement rates, adjusted for inflation each July 1, for each meal served. The amount of the Federal cash reimbursement varies according to the family income of the participating child although all meals are minimally subsidized through a basic reimbursement regardless of family income. In addition to the basic cash assistance, additional cash reimbursement is provided for each meal served to low-income children who receive free and reduced-price lunches under the National School Lunch Act.

State matching funds are required for the "basic" cash assistance (i.e., all those funds provided for meals served to children regardless of their family income). These matching funds, plus local revenues and students' meal payments are used to cover the full costs of operating the program. In FY 1982, the last year such data was reported, Federal cash and commodity assistance covered 50.5% of total operating costs, State and local funds covered 23.1%, and students' meal payments covered 26.4%. The school lunch program is the only child nutrition program which has requirements for State matching.

In addition to cash assistance, commodity assistance is also provided for each school lunch served. This is provided to States, and passed on to schools on the basis of a legislatively mandated reimbursement rate for each lunch served. All program participants receive the benefits of this commodity assistance, regardless of their family income. Additional commodities, distributed at the discretion of the Secretary, may also be provided to school lunch programs if there are unexpected surpluses, or large USDA holdings of commodities. These are referred to as bonus commodities and usually consist of dairy products.

For the 1985-1986 school year, the Federal cash reimbursement rates were 12.5 cents for each "paid" lunch, 90.25 cents for each reduced-price lunch and 130.25 cents for each free lunch. The commodity reimbursement rate was 11.75 cents for each kind of lunch.

*RECIPIENTS WHO BENEFIT*:

All school children attending a participating school are eligible to receive meals but are charged for each meal according to their family income. Children with family incomes at or below 130% of the Federal poverty income level receive free lunches; those falling

above 130% but at or below 185% of poverty receive lunches at a reduced-price; and children above 185% receive lunches at the full, but still subsidized price. These full-price meals are referred to as "paid" lunches.

Schools eligible to participate in the lunch program are all public elementary and secondary schools, and private, nonprofit elementary and secondary schools that do not charge more than an average annual tuition of $1,500 per student. Also eligible to participate in the program are public and private, nonprofit licensed residential child care institutions e.g., orphanages, homes for retarded children, and temporary homes for runaway children.

Participation in the school lunch program has grown from about 6.6 million children in FY 1947 to a peak participation of about 27.1 million children in FY 1979. In FY 1986, approximately 23.7 million children were expected to participate.

In FY 1970, the first year such data was reported, approximately 75% of participating children received "paid" lunches and 25% received free and reduced-price lunches. In FY 1986, about one-half of the participating children were expected to receive "paid" lunches and the remaining 50% free and reduced-price lunches. However, it should be noted that in 1970, the income level for free and reduced-price lunches was set at 100% of the Federal poverty income level; by 1986 the cutoff level was 185% of poverty.

According to FNS, in 1984, about 95% of all public schools and 29% of all private schools participated in the school lunch program for a total representation of 81% of all schools and 92% of all school children.

*SUMMARY OF FUNDING LEVELS:*

SCHOOL LUNCH APPROPRIATIONS, FISCAL YEARS 1980–86[1]

[In millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986[2] |
|---|---|---|---|---|---|---|---|
| Total cash | $2,104.1 | $2,372.5 | $2,045.3 | $2,353.9 | $2,556.3 | $2,656.0 | $2,734.3 |
| Sec. 4[3] | 724.7 | 763.7 | 425.0 | 439.2 | 474.4 | 532.1 | 525.8 |
| Sec. 11[4] | 1,379.4 | 1,608.8 | 1,620.3 | 1,914.7 | 2,081.9 | 2,123.9 | 2,208.4 |
| Commodity assistance[5] (FNS and sec. 32) | 817.5 | 632.0 | 439.2 | 476.1 | 464.0 | 475.2 | 511.8 |

[1] Does not reflect use of unobligated funds from previous fiscal years, or program shortfalls funded from the succeeding fiscal year appropriation.

[2] This amount is an estimated funding level based on current law.

[3] Sec. 4 of the National School Lunch Act (NSLA) provides a basic reimbursement for every school lunch served, regardless of the family income of the participant. Approximately half of this amount is for meals served to children from families with incomes above 185 percent of the poverty level so called "paid" meals.

[4] Sec. 11 of the NSLA provides additional reimbursements for lunches served free or at reduced-price to children from families with incomes below 185 percent of the poverty level.

[5] In addition to the school lunch program, this amount also includes commodity assistance for the child care food and summer food service programs. This, however, represents only about 10 percent of all commodity assistance support. The numbers include funds appropriated under the child nutrition account as well as funds from sec. 32 agricultural surplus removal revenues used to meet the mandated commodity support levels set for these programs. Does not reflect the value of "bonus" commodities.

## D. SUMMER FOOD SERVICE PROGRAM: SECTION 13, THE NATIONAL SCHOOL LUNCH ACT OF 1946, AS AMENDED (P.L. 90-302)

*PROGRAM PURPOSE AND HISTORY:*

The summer food program provides Federal funds for meals served during the summer months to children in summer day pro-

grams, and summer camps located in areas in which poor economic conditions exist.

In 1968, Congress enacted P.L. 90-302, which included a provision creating the special food service program for children. This program was originally created as a three-year pilot project to provide lunches to children in child care centers and summer recreation programs in low-income areas and areas in which large numbers of mothers worked outside the home. The summer food component of the program was designed to provide a continuation of the school lunch meal service for needy children after the school year ended.

Major changes to the original legislation include the following: (1) a provision separating the summer food service program from the year round portion of the special food service program which then became the child care food program (P.L. 94-105, 1975); (2) the provision of administrative costs and advance payments to program sponsors (P.L. 94-105, 1975); and (3) an amendment making major changes to prevent program fraud and abuse that had been reported by the General Accounting Office (GAO) (P.L. 95-166, 1977). The 1980 and 1981 reconciliation laws (P.L. 96-499 and P.L. 97-35) included changes to reduce the over all funding of child nutrition programs, including the summer food service program, by reducing the number of Federally subsidized meals available to children and by restricting program sponsorship.

Unlike the school lunch, school breakfast, and child care food programs, the summer food service program is not permanently authorized. Authorization for the program expired at the end of FY 1984. Appropriation laws enacted since then have provided funding for the program. The program authorization was extended through FY 1989 under the School Lunch and Child Nutrition Amendments of 1986.

*FUNDING MECHANISM*:

Local sponsors of the summer food service program receive Federal cash and commodity assistance for meals they serve under the program. Meals served under the summer food service program are reimbursed at a flat rate without regard to the family income of the participating child. Under the summer food service program, breakfast, lunches, suppers or snacks may be served. The number of subsidized meals is limited to two meals per child per day, except in camps and programs primarily serving migrants, where up to four meals may be subsidized. For the summer of 1986, the cash reimbursement rates per meal were as follows: lunches—158.50 cents; breakfasts—88.25 cents; and supplements—40.00 cents. Additional per meal administrative reimbursements are provided to local sponsors as well.

*RECIPIENTS WHO BENEFIT*:

Summer programs may be operated in areas where more than one-half of the children are from families at or below 185% of poverty ($20,350 for a family of four for the period July 1, 1986—June 30, 1987). This income level is for all States (except Alaska and Hawaii) and the District of Columbia. All children participating in these programs receive free meals. Residential summer camps may participate in the program, but only children from families at or

below 185% of poverty may receive meals. In FY 1969, during the peak month of program operations, about 986,000 children participated in the program. During the peak month of FY 1985, approximately 1.5 million children participated.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $88.8 |
| 1981 | 121.7 |
| 1982 | 61.1 |
| 1983 | 99.4 |
| 1984 | 105.0 |
| 1985 | 115.1 |
| 1986 (Gramm-Rudman sequester) | 121.9 |

E. COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP): SECTION 4(A) AND 5, THE AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973, AS AMENDED (P.L. 93-347)

*PROGRAM PURPOSE AND HISTORY*:

The Commodity Supplemental Food Program (CSFP) provides surplus U.S. Department of Agriculture (USDA) commodities to low-income pregnant, postpartum, and breast feeding women, infants and children up to age six. Participants receive a monthly food package which is intended to supplement the participant's diet. Foods in the package include dry milk, egg mix, farina, dry beans or peanut butter, canned meats, poultry, fruits and vegetables, infant formula, and juice. In addition, three pilot projects offering similar supplemental food assistance to low-income elderly persons have recently been authorized under P.L. 97-98, P.L. 97-370 and P.L. 99-198.

A program that was later to become the Commodity Supplemental Food Program was established by administrative regulation on January 18, 1969 in response to evidence of health and nutrition problems among low-income pregnant women and children, and political pressures generated by the 1968 Poor Peoples Campaign. The program was funded by annual appropriations and was eventually authorized under the Agriculture and Consumer Protection Act of 1973 (P.L. 93-347). Since that time, the program has been extended under various amendments.

In 1977, P.L. 95-113 provided administrative funds for CSFP equal to 15% of the value of donated commodities and authorized use of general treasury funds to purchase and distribute the commodities needed to maintain the traditional level of support for the CSFP. The Agriculture and Food Act of 1981 (P.L. 97-98) changed the administrative funding level to 15% of appropriations and extended CSFP through FY 1985. In 1983, P.L. 98-92 authorized administrative expenses equal to 15% of the sum of CSFP appropriations and additional donated commodities. The Food Security Act of 1985 (P.L. 99-198) extended the CSFP through FY 1990.

*FUNDING MECHANISM*:

State agencies distribute Federally purchased commodities to CSFP participants. The amount and variety of commodities are determined by the Secretary of Agriculture.

*RECIPIENTS WHO BENEFIT*:

To participate in the CSFP, participants must have incomes which would qualify them for other Federal, State or local low-income programs. In addition, participants in some States must be determined to be at nutritional risk. In FY 1986, approximately 147,000 women, infants, and children were expected to receive CSFP food packages each month.

Participation has declined since the inception and growth of Federal cash assistance provided under the WIC program. The Special Supplemental Food Program for Women, Infants and Children (WIC) finances the full cost of monthly food packages to low-income pregnant women, mothers, infants, and children. In FY 1985, the CSFP operated in 28 project areas in 12 States and the District of Columbia.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $21.8 |
| 1981 | 27.0 |
| 1982 | 29.4 |
| 1983 | 33.4 |
| 1984 | 40.2 |
| 1985 | [1] 24.9 |
| 1986 | 26.8 |

[1] Does not reflect use of unobligated funds from previous fiscal years, or program shortfalls funded from the succeeding fiscal year appropriation.

F. CHILD CARE FOOD PROGRAM: SECTION 17, THE NATIONAL SCHOOL LUNCH ACT OF 1946, AS AMENDED (P.L. 90-302)

*PROGRAM PURPOSE AND HISTORY*:

Authorized under section 17 of the National School Lunch Act, the Child Care Food program provides funds for food service to children in child care centers and family and group day care homes.

Prior to 1968, Federal assistance for institutional feeding programs was concentrated on school food service programs. In 1968, responding to concern about the nutritional needs of primarily low-income, preschool children and those who did not have access to food programs during the summer months, Congress enacted legislation creating a special food service program for these children.

The Child Care Food program was originally part of the special food service program for children authorized under section 13 of the National School Lunch Act Amendments of 1968 (P.L. 90-302). This program provided for two pilot programs of which one was to be operated year-round for children in day care centers or other nonresidential child care settings in areas in which poor economic

conditions existed or in which there were high concentrations of working mothers.

Major changes to the Child Care Food program include the following: (1) establishing reimbursement rates identical to those of the school lunch program (P.L. 94-105, 1975); (2) expanding the eligibility requirements of participating institutions (P.L. 94-105, 1975); (3) permanently authorizing the program (P.L. 95-627, 1978); and (4) allowing for-profit child care sponsors to participate in the program if they receive funds under Title XX of the Social Security Act.

Under the 1980 and 1981 reconciliation laws (P.L. 96-499 and P.L. 97-35), changes were made to reduce the funding for child nutrition programs, including the Child Care Food program, by, among other things, reducing the reimbursement rates for snacks, reducing the number of Federally reimbursed meals and snacks available for each child, and changing the structure of the reimbursement system. The School Lunch and Child Nutrition Amendments of 1986 provided an additional 3 cents in cash reimbursement and at least 3 cents in commodities for each breakfast served in child care centers and family day care homes.

*FUNDING MECHANISM*:

Each meal served in child care centers and family and group day care homes is Federally subsidized. Federal support for the Child Care Food program is provided through the appropriate State agency, on the basis of annually adjusted, legislatively mandated subsidy rates. Breakfasts, lunches, suppers, and snacks may be reimbursed, however, the number is limited to two meals and one supplement per day per child.

For child care centers, reimbursement rates are based on the family income of the individual child receiving the meal or supplement. Basic rates are established for meals and snacks served to all children in participating centers. These meals are referred to as "paid" meals. Higher, free or reduced-price rates are provided for meals or snacks served at no charge or at considerably reduced prices to children whose family income meets Federally set income criteria. The reimbursement rates for meals served in child care centers are the same as those provided for school lunches and breakfasts. Snack rates are also provided. For the period July 1, 1986-June 30, 1987, the supplement rates are as follows: (1) 3.50 cents per "paid" snack; (2) 18.50 cents per reduced-price snack; and (3) 37.25 cents per free snack.

Separate rates are established for meals and snacks served in family day care or group homes and are provided for all meals served regardless of the family income of the participant. For the period July 1, 1986-June 30, 1987 these rates are as follows: (1) 59.25 cents per breakfast; (2) 116.00 cents per lunch and supper; and (3) 34.50 cents per snack. Administrative payments are also provided for group and family day care homes.

*RECIPIENTS WHO BENEFIT*:

Program sponsorship is limited to public and private nonprofit child care centers and family and group day care homes. For-profit sponsors may receive assistance under the Child Care Food pro-

gram if they receive compensation for child care under the Social Services Block Grant (SSBG), Title XX of the Social Security Act, for at least 25% of the children they serve. In order to qualify for the program, centers and homes must be licensed or approved according to Federal, State or local standards.

The income cut-off levels for eligibility for free meals or snack is 130% of the Federal poverty level and 185% of poverty for reduced-price meals and snacks. For the period July 1, 1986 through June 30, 1987, 130% of the Federal poverty level for a family of four in all States (except Alaska and Hawaii) and the District of Columbia is $14,300; 185% is $20,350. However, the children of family day care home providers may only participate in the Child Care Food program if their family income is at or below 185% of the Federal poverty guideline.

All disabled children and other children under age 12, age 15 if children are migrants, are eligible to participate in the Child Care Food program. The vast majority of children served by the program are between the ages of three and five years old. In FY 1985 about 1.03 million children participated in the Child Care Food program.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $213.8 |
| 1981 | 290.5 |
| 1982 | 276.9 |
| 1983 | 332.5 |
| 1984 | 356.9 |
| 1985 | 434.9 |
| 1986 [1] | 483.5 |

[1] This amount is an estimated funding level based on current law.

G. SPECIAL MILK PROGRAM: SECTION 3, THE CHILD NUTRITION ACT OF 1966, AS AMENDED (P.L. 89-642)

*PROGRAM PURPOSE AND HISTORY*:

The Special Milk Program (SMP) provides Federal funds for milk served to children in public and private nonprofit school and child care institutions provided that these schools do not participate in other Federal child nutrition programs.

The SMP guarantees cash reimbursement for each half-pint of milk served. The program has grown from a temporary program authorizing the Secretary of Agriculture to use Commodity Credit Corporation (CCC) funds to purchase surplus milk for school children, to a permanent program with separate appropriations which makes free or partially subsidized milk available to all children in nonprofit schools and child care institutions choosing to participate. The CCC is authorized to provide price supports to farmers through loans and the acquisition of various types of farm products.

Significant legislation since the SMP was established in 1954 under P.L. 83-690 include the following: (1) the Child Nutrition Act of 1966 (P.L. 89-642) which incorporated the special milk program as a specific program under section 3 of the Act; (2) the Child Nu-

trition Act Amendments of 1970 (P.L. 91-195) which permanently authorized the program; (3) the National School Lunch Act Amendments of 1973 (P.L. 93-150) which made children who qualified for free lunches under the school lunch program eligible for free milk under the SMP; (4) the Child Nutrition Act Amendments of 1974 (P.L. 93-347) which established an annually adjusted minimum reimbursement rate of 5 cents for each half-pint of milk served; and (5) the National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975 (P.L. 94-105) which expanded the program to the U.S. territories.

More recently, the Omnibus Reconciliation Act of 1981 (P.L. 97-35) prohibited participation in the SMP by any school or institution participating in meal service programs. For instance, if a school operates a school lunch program which must include milk as part of the lunch, it cannot participate in the SMP. This provision prevents most schools from participating in the SMP since most schools, approximately 89,000, offer the school lunch program.

The School Lunch and Child Nutrition Amendments of 1986 extended eligibility for the Special Milk Program to kindergarten children in schools which are currently ineligible to participate because the school participates in the school breakfast or school lunch program. This change extended the Special Milk Program to kindergarten children who do not have access to either the school breakfast or school lunch program. These are children who attend split sessions of kindergarten for only part of the day.

*FUNDING MECHANISM*:

The SMP allows participating schools and institutions to offer partially or fully subsidized milk to children. Through the administering State agencies, the Federal Government reimburses schools for each half-pint of milk served at two rates: free milk served to qualifying low-income children is fully reimbursed; and "paid" milk served to non-needy children is partially reimbursed. Unlike other institutionally based child nutrition programs, schools are not required to serve free milk to low-income children, but have the option to do so. For FY 1986, the reimbursement rate was 15.29 cents per half-pint of free milk and 9.44 cents for "paid" milk.

*RECIPIENTS WHO BENEFIT*:

All children, regardless of family income, attending a participating school or institution, may receive milk under the SMP. However, children receiving free milk must be from families whose income is at or below 130% of the Federal poverty guidelines, $14,300 for a family of four in the 1986-1987 school year. These income levels are for all States (except Alaska and Hawaii) and the District of Columbia. During FY 1986, about 170 million half-pints of milk were served under the SMP, 161 million to non-needy children and 9 million to children from families at or below 130% of poverty.

*SUMMARY OF FUNDING LEVELS:*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $155.8 |
| 1981 | 119.8 |
| 1982 | 28.1 |
| 1983 | 20.1 |
| 1984 | [1] 11.9 |
| 1985 | 17.6 |
| 1986 | [1 2] 11.5 |

[1] Does not reflect use of unobligated funds from previous fiscal years, or program shortfalls funded from the succeeding fiscal year appropriation.
[2] Does not reflect the reduction or elimination of cost-of-living adjustments required by Public Law 99-177 (Gramm-Rudman-Hollings).

## H. TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 (P.L. 98-8), AS AMENDED

*PROGRAM PURPOSE AND HISTORY:*

The Temporary Emergency Food Assistance Program (TEFAP), which was reauthorized through FY 1987 under the Food Security Act of 1985 (P.L. 99-197), allocates U.S. Department of Agriculture (USDA) commodities and administrative funds to States for food distribution to the needy. These commodities consist of food items held by the Commodity Credit Corporation (CCC) to meet farm price support requirements and are largely made up of dairy products, grains and honey.

The TEFAP had its origins in a special dairy distribution effort begun by the Reagan Administration in January 1982, to reduce considerable government holdings of surplus commodities, and to respond to growing reports of hunger. Under this discretionary effort, which lasted through March 1983, some 387 million pounds of cheese and butter, valued at approximately $577 million, were made available to States for distribution. It was left to the States to determine which local agencies and recipients could receive these commodities.

As the program developed, there were requests for additional types of commodities such as flour, rice and nonfat dry milk which were in storage, but not being made available by the USDA. Additionally, there were reports of some States and local agencies refusing commodities because of the costs of storing and distributing them. These two factors, along with highly publicized reports of needy people being turned away, prompted pressure for Federal financial aid as well as increased varieties and volumes of commodity donations. In 1983, an emergency supplemental appropriations bill was passed (P.L. 98-8) which included under Title II, an appropriation of $50 million to assist States and local agencies in meeting the costs of distributing the commodities. There was also a requirement for additional commodity releases. This was the original TEFAP which was later revised and extended through FY 1985 under P.L. 98-92.

The implementation of a formal program resulted in immediate increases in the types of commodities offered, as well as requests by States for such commodities and attendant administrative funds. It

also differed from the earlier discretionary program in that criteria for participation was established at the Federal, instead of State level, and commodities were to be allocated on the basis of each State's relative low-income and unemployed population.

*FUNDING MECHANISM*:

The TEFAP commodities held by the Federal Government are purchased, processed, and packaged by the USDA and then shipped to States. States make the commodities available to local public and private nonprofit organizations which, in turn, offer them for free to needy persons. These organizations include, but are not limited to, soup kitchens, food banks, local governments, and charitable institutions. The total level of donated commodities available for the program depends on the extent of government stocks and the capacity of States and local agencies to use them effectively. The commodities are allocated to States based on their low-income and unemployed populations.

In addition to commodities, Federal grants are available to States and local organizations to help defray the costs of storing and transporting the commodities within the States and for other administrative expenses. These funds are also allocated among States using a formula based on the States low-income and unemployed populations.

At least 20% of the Federal administrative grant funds must be made available to local organizations to help pay for their direct expenses incurred in distributing the food. However, the funds actually made available to a local organization may not exceed 5% of the value of the foods that the local organization distributes. The Food Security Act of 1985 (P.L. 99-198) requires States to match the portion of those TEFAP funds which they keep that are not used by them, or local agencies, to pay for the direct costs of local commodity distribution. The matching requirement for commodity distribution funding is effective January 1, 1987 except in States where the legislature does not convene before that date. It may be met by other than State appropriated funds, and by in-kind contributions, however, States are specifically prohibited from passing on the costs of the match to local emergency feeding organizations.

*RECIPIENTS WHO BENEFIT*:

Free TEFAP commodities are given to eligible needy persons. Each State determines who is eligible and what proof is required to demonstrate eligibility, although income criteria must be used as a factor. According to the Food and Nutrition Service, USDA, by the end of FY 1985 about one-half of the States had eligibility guidelines which limited participation to persons with incomes under 130% of the Federal income poverty guidelines. The remaining States had guidelines which limited participation to persons with incomes under 185% of the income poverty guidelines. For the period July 1, 1986-June 30, 1987, 130% of the Federal poverty income guidelines for a family of four in all States (except Alaska and Hawaii) and the District of Columbia is $14,300; 185% is $20,350. For those persons who are unable to demonstrate their eligibility (e.g., proof of participation in a means-test program), States

may allow for a self-declaration of income as proof of TEFAP eligibility.

There are no data on the characteristics of commodity recipients. However, the Food Security Act of 1985 requires the Secretary of Agriculture to issue a report to Congress by April 1, 1987, specifying, among other things, the populations served under TEFAP and their characteristics, and the types of State and local agencies receiving TEFAP commodities.

*SUMMARY OF FUNDING LEVELS:*

VOLUME AND DOLLAR VALUE OF COMMODITIES DONATED UNDER TEFAP, FISCAL YEARS 1982–85

| Fiscal year | Pounds (millions) | Dollar value (millions) |
|---|---|---|
| 1982 [1] | 121.7 | 179.5 |
| 1983 | 653.0 | 900.7 |
| 1984 | 858.0 | 1,045.8 |
| 1985 | 934.0 | 957.9 |

[1] Data is for the period January 1982 through September 1982.

*TEFAP Administrative Funds, Fiscal Years 1983–86*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1983 | $50.0 |
| 1984 | 50.0 |
| 1985 | 57.0 |
| 1986 [1] | 47.6 |

[1] Reflects 4.3 percent reduction required by Public Law 99-177 (Gramm-Rudman-Hollings). An additional $2.473 million in administrative funds are included in the conference report agreement on the fiscal year 1986 urgent supplemental appropriations bill (H.R. 4515).

## D. A RIGHT TO A SAFE AND LIVABLE ENVIRONMENT

### 1. Child Welfare

#### A. ADOPTION ASSISTANCE AND CHILD WELFARE ACT OF 1980 (P.L. 96-272)

*PROGRAM PURPOSE AND HISTORY:*

The Child Welfare Services program was established in 1935 in the original Social Security Act, and, since 1967, has been authorized by Title IV-B of the Act. Under this program, States receive Federal matching funds for the provision of child welfare services to children and their families, without regard to income. By law, the Federal share is 75%, but the States spend considerably more than their required 25% match for services under this program.

It is estimated that the Federal Child Welfare Services program provides 8-10% of total State spending in this area. The majority of child welfare services funds is spent on foster care maintenance. Family counseling and rehabilitation, adoption subsidies and services, and child protection services are also funded by the program. During the 1970's, an estimated 200,000 to 300,000 children per year received services under the child welfare services program.

Due to minimal reporting requirements, however, there are no reliable data on the exact number of children served, their characteristics, or what services were provided.

The Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) authorizes a modified foster care program and a new adoption assistance program under a new Part E of Title IV of the Social Security Act. A comprehensive set of services, procedures, and safeguards are described which all States are to implement within the next several years.

The law provides that a case plan is to be developed for each foster care child describing the services that will be provided to the family and child to improve the conditions in the home and meet the treatment needs of the child while in foster care. It also requires that there be an independent administrative review of the case every 6 months to determine the continuing appropriateness of the services, to determine the continuing necessity for placement in care, and to set a date by which the child can be returned home, freed for adoption or otherwise permanently placed. There must also be a mandatory dispositional hearing within 18 months of the original placement of the child in foster care. This hearing must be held in a family or juvenile court, or other court of competent jurisdiction or by an administrative body appointed by a court.

In cases where preventive services cannot alleviate the need for out of home placement of a child, the case plan and case review system is to ensure that a child is to be placed in the least restrictive setting, and in reasonable proximity to his family to increase the chances of the child being returned to his home.

States are to provide family reunification services for foster care children and their families to alleviate the conditions necessitating placement, and to enable the child to return home as quickly as possible.

State and local governments are also to provide such preventive services as family counseling, 24-hour crisis intervention for families, and emergency caretakers to provide emergency child care in the home as means to prevent the unnecessary removal of children for extended placement out of the home.

As part of the initial effort to improve the situation for children currently in foster care, the law provides for States to conduct an inventory of all children who have already been in foster care for over six months to determine whether current placement is appropriate and the services needed. In addition, each State is to implement a foster care information system to insure that information on the foster children's characteristics and the goals of the placement of each child are readily available to caseworkers and administrators.

*FUNDING MECHANISM*:

In enacting this law, Congress anticipated that the funding for the Title IV-B child welfare services program would steadily increase from $56 million in FY 1979 to reach $266 million by FY 1983. These anticipated increases in Federal funds for Title IV-B child welfare services were to provide States initially with some additional resources to assist them in implementing the described services, procedures and safeguards. Also the availability of the

funds to the States was structured to provide States financial incentives to implement them as quickly as possible. However, while the Title IV-B appropriation increased to $163 million for FY 1981, it was $156 million for both FY 1982 and 1983, $165 million in FY 1984, and was increased to $200 million for FY 1985.

The 1980 legislation changed the funding mechanisms for both the Title IV-B child welfare services and the IV-E foster care programs. These changes were intended to serve as incentives to States to utilize child welfare services in lieu of initial or continued foster care placement when possible and appropriate.

The legislation assumes increased appropriations for child welfare services but limits the amount of new Federal child welfare services funds States can spend until certain protections are implemented for children in foster care. It allows States to transfer money from their AFDC foster care allotments to their Title IV-B child welfare programs for specified services if they meet certain requirements intended to protect children in foster care.

To encourage States to use their child welfare services money for services to help keep families together and prevent the removal of children, the legislation required that if the child welfare services appropriation exceeded $56.5 million in FY 1981-1985, States could not use any of the funds in excess of their share of $56.5 million under the Title IV-B allocation formula for foster care maintenance payments, adoption assistance, or work-related child care. Appropriations for child welfare services have exceeded $56.5 million every year since passage of the legislation.

In addition, if the appropriation for the Title IV-B program exceeds $141 million in any year, States are not eligible for any of the funds in excess of their share of the $141 million unless protections for all foster care children under the responsibility of the State agency (not just AFDC foster care children) have been implemented, including: (1) an inventory of children in foster care more than six months; (2) a statewide information system on children in foster care; (3) a system for case review for each foster care child, including a case plan for each child, a six-month review and an 18-month dispositional hearing, to assure placement in the least restrictive setting, close to home, and to assure procedural safeguards; and (4) a services program to assist children, when possible, to return to their homes. In addition, if the IV-B appropriation equals the authorized level of $266 million for two consecutive years, States must implement the above procedures as well as a service program of preplacement preventive services to help prevent the removal of a child from his home or its IV-B funds are to be reduced to the share of $56 million it received in FY 1979 until such a program is implemented.

*RECIPIENTS WHO BENEFIT:*

Although child welfare services are for children of all income levels, children from low-income families are overrepresented. Poor and minority children face more difficulties in being reunited with their families or placed in foster homes.

*SUMMARY OF FUNDING LEVELS*:

[Dollar amounts in millions]

| Fiscal year | CWS [1] | CWRD | CWT | FC [2] | AA [2] |
|---|---|---|---|---|---|
| 1981 | $163.5 | 11.15 | 5.2 | 349.2 | 5.0 |
| 1982 | 156.3 | 10.6 | 3.8 | 300.0 | 5.0 |
| 1983 | 156.3 | 10.6 | 3.8 | 395.0 | 5.0 |
| 1984 | 165.0 | 10.0 | 3.8 | 440.2 | 5.0 |
| 1985 | 200.0 | 11.83 | 3.82 | 485.4 | 32.3 |
| 1986 | 220.0 | 11.83 | 3.8 | 507.6 | 41.95 |
| 1986 (Gramm-Rudman sequester) | | | | 501.6 | 41.40 |

CWS = Child Welfare Services
CWRD = Child Welfare Research and Development
CWT = Child Welfare Training
FC = Foster Care
AA = Adoption Assistance
[1] Child Welfare is a straight appropriation every year.
[2] FC and AA are entitlement programs. Also FC and AA are partially protected under Gramm-Rudman-Hollings.

## B. CHILD SUPPORT ENFORCEMENT PROGRAM: SOCIAL SERVICES AMENDMENTS OF 1974 (P.L. 93-647)

*PROGRAM PURPOSE AND HISTORY*:

The Social Services Amendments (P.L. 93-647) added a new Part D to Title IV of the Social Security Act. The statute authorizes Federal matching funds to be used for obtaining the support obligations owed by absent parents to their children and the spouse (or former spouse) with whom the children are living, locating absent parents, establishing paternity, and establishing child support awards. Basic responsibility for administering the program is left to the States, but the Federal Government also plays a major role in funding, monitoring and evaluating State programs, providing technical assistance, and in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.

*The Federal Role*:

The Child Support Enforcement (CSE) program must be administered by a separate organizational unit under the control of a person designated by and reporting directly to the Secretary of Health and Human Services. Under the present organizational structure of the Department, the Administrator of the Family Support Administration is the Director of the Federal Office of Child Support Enforcement (OCSE).

The statute requires the director of the OCSE to provide technical assistance to the States to help them establish effective systems for collecting child and spousal support and establishing paternity. To fulfill this requirement, the OCSE has established a National Child Support Enforcement Reference Center as a central location for the collection and dissemination of information about State and local programs. It has created a National Institute for Child Enforcement to provide training and technical assistance to persons working in the field of child support enforcement. Special initiatives such as a recent effort to assist major urban areas in improving program performance, have also been undertaken by OCSE.

In addition, the statute creates several Federal mechanisms to assist the States in performing their paternity and child support enforcement functions. These include use of the Internal Revenue Service, the Federal courts, and the Federal Parent Locator Service (FPLS).

States also have access to the Federal courts to enforce court orders for support. Yet, the director of the Office of Child Support Enforcement must approve a State's application for permission to use the courts to enforce court orders for support upon a finding that: (1) another State has not undertaken to enforce the court order of the originating State against an absent parent within a reasonable time, and (2) that use of the Federal courts is the only reasonable method of enforcing such order. This mechanism, designed to assist the States in enforcing interstate cases, has gone unused, apparently because the States view it as too costly and complex.

*State Role*:

Each State is required to designate a single and separate organizational unit of State government to administer the program. Earlier child support legislation, enacted in 1967, had required that the program be administered by the welfare agency. The 1975 Act deleted this requirement in order to give each State the most effective administrative mechanism. Most States have placed the child support agency within the social or human services umbrella agency which also administers the AFDC program. However, two States have placed the agency in the department of revenue. The law allows the programs to be administered either on the State or local level. Eight State programs are locally administered. A few programs are State administered in some counties and locally administered in others.

The law requires the States to use several enforcement tools. They must use the IRS tax refund offset procedures for AFDC and non-AFDC families, and they must also determine periodically whether any individuals receiving unemployment compensation owe child support obligations. The State employment security agency is required to withhold unemployment benefits, and to pay the child support agency any outstanding child support obligations established by an agreement with the individual or through legal processes.

Public Law 98-378, the Child Support Enforcement Amendments of 1984, mandated that States use a number of other enforcement techniques, beginning on October 1, 1985, including, mandatory wage withholding, imposing liens against real and personal property, withholding of State tax refunds, payable to a parent who is delinquent in support payments, among others.

*FUNDING MECHANISM*:

Collections made on behalf of AFDC families are used to cover the cost to the Federal and State governments of welfare payments made to the family. The amounts retained by the government are distributed between the Federal and State governments according to the proportional matching share which each had under a State's AFDC program.

As a result of the Child Support Enforcement Amendments of 1984, the prior incentive formula, which gave States 12% of their AFDC collections (paid for out of the Federal share of collections), was replaced beginning on October 1, 1985, with a new formula designed to encourage States to develop programs that emphasize collections on behalf of both AFDC and non-AFDC families, and to improve program cost effectiveness.

In FY 1985, collections on behalf of AFDC families reached $1 billion; collections on behalf of non-AFDC families reached $1.6 billion. Total administrative expenditures were about $809 million, resulting in $3.34 collected per dollar of total administrative expenses. In FY 1985, the number of parents located totalled 874,000, and the number of paternities established reached 232,000. Both were an increase of more than 90% over 1978. The number of AFDC and non-AFDC cases in which a collection was made also continued to grow, as did the dollar amount of collections.

*RECIPIENTS WHO BENEFIT:*

The program requires the provision of child support enforcement services for both welfare and nonwelfare families. States must frequently publicize, through public service announcements, the availability of child support enforcement services, together with information about the application fee and a telephone number or address to be used to obtain additional information.

Child support enforcement services must include the enforcement of spousal support, but only if a support obligation has been established with respect to the spouse, the child and spouse are living in the same household, and child support is being collected along with spousal support.

*SUMMARY OF FUNDING LEVELS:*

PROGRAM OPERATIONS, SUMMARY OF NATIONAL STATISTICS, FISCAL YEARS 1980–85

[Numbers in millions]

| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|---|
| Total child support collections | $1,477.6 | $1,628.9 | $1,770.4 | $2,024.2 | $2,378.1 | $2,702.8 |
| Total AFDC collections | 603.1 | 670.7 | 785.9 | 879.9 | 1,000.5 | 1,099.0 |
| Total non-AFDC collections | 874.5 | 958.3 | 984.4 | 1,144.3 | 1,377.6 | 1,603.7 |
| Total administrative expenses | | | | | | |
| Total child support expenditures | 465.6 | 526.4 | 611.8 | 691.1 | 722.9 | 808.8 |
| State share | 116.6 | 131.7 | 152.9 | 204.0 | 215.8 | 242.6 |
| Federal share | 349.0 | 394.8 | 458.9 | 487.1 | 507.1 | 566.2 |

### C. CHILD ABUSE PREVENTION AND TREATMENT ACT OF 1974, AS AMENDED (P.L. 93-247)

*PROGRAM PURPOSE AND HISTORY:*

The Child Abuse Prevention and Treatment Act, authorized in 1974, was the first Federal program specifically designed to address the problem of child abuse. Four programs relating to the prevention and treatment of child abuse are authorized under the Act. These programs are as follows:

(1) State grants for activities relating to the prevention and treatment of child abuse and neglect;

(2) discretionary grants for research and demonstration projects relating to preventing and treating child abuse and neglect;

(3) State grants to implement procedures/programs mandated by the Child Abuse Amendments of 1984 (P.L. 98-457) to respond to reports of medical neglect of disabled infants with life-threatening conditions; and

(4) demonstration grants relating to preventing and treating family violence.

In addition, funds are earmarked for research and demonstration projects specifically relating to child sexual abuse.

*FUNDING MECHANISM*:

Under the State grant program, funds are made available annually to States which meet certain criteria for activities related to the prevention and treatment of child abuse. The funding amounts are based on each State's under-18 population and there is no State matching requirement. One criterion for receipt of funds, established by the 1984 Amendments to the Act, is that States implement procedures or programs for responding to reports of medical neglect of disabled infants with life-threatening conditions. Funding to assist States to develop and operate such procedures or programs is earmarked under the authorizing legislation. Projects funded under the discretionary grants program are also 100% Federally funded. They include research and demonstration projects aimed at preventing, detecting, and treating child abuse as well as service improvement projects.

Activities authorized under the Title III family violence State demonstration grant program are the establishment, maintenance, and expansion of programs to prevent family violence and to provide immediate shelter and related assistance to victims and their dependents. At least 85% of appropriated Title III funds must be for the demonstration grant program with the remainder of appropriated funds for the clearinghouse and law enforcement grants.

Demonstration grant funding allotments are based on each State's population with each State receiving a minimum of $50,000 or one-half of 1% of the amount available. To be eligible to receive funds, States must among other things, distribute at least 60% of the allotted funds to shelter programs and distribute funds equitably between rural and urban areas. Local grantees, which include public agencies and private nonprofit organizations, must provide a 35% matching grant the first year, 55% the second year and 65% the third year. One-half of each matching grant must be raised from private sources, except in the case of a local public agency which may use public funds.

*RECIPIENTS WHO BENEFIT*:

Recipients of services provided under the State child abuse grants and discretionary grants are abused or neglected children and their families. Recipients of services provided under the family violence demonstration grants are victims of family violence and their dependents, and in some instances, abusers.

*SUMMARY OF FUNDING LEVELS*:

| Fiscal year | Child abuse State grants | Child abuse discretionary | Family violence [1] |
|---|---|---|---|
| 1980 | $6,878 | $16,050 | |
| 1981 | 22,928 | For both | |
| 1982 | 6,720 | 9,479 | |
| 1983 | 6,720 | 9,479 | |
| 1984 | 6,720 | 9,479 | |
| 1985 [2] | 9,000 | 17,000 | $6,000 |
| 1986 (Gramm-Rudman sequester) | 11,441 | 13,441 | 2,393 |

[1] Funding for the family violence program first appropriated in fiscal year 1985.
[2] Fiscal year 1985 appropriations for the Departments of Labor, Health and Human Services.

D. VICTIMS OF CRIME ACT OF 1984 (P.L. 98-473)

*PROGRAM PURPOSE AND HISTORY*:

In the 98th Congress, an amendment was added to the FY 1985 continuing appropriations bill (P.L. 98-473), authorizing a victims compensation and assistance fund to consist of fines collected from persons convicted of certain Federal offenses. Up to $100 million collected in this manner is to be used for awards to crime victim compensation programs and crime victim assistance programs. Crime victim compensation programs are those that compensate victims of crime or their survivors for their medical expenses, wage loss, and funeral expenses attributable to the crime and provide certain other services.

Crime victim assistance programs provide crisis intervention services, including a telephone hot-line; temporary shelter and other emergency services; support services, including follow-up counseling; court-related services, including transportation, child care and escort services; and payment for forensic medical exams. Priority for awards for crime victim assistance programs is to be given to those providing assistance to victims of sexual assault, spouse abuse, or child abuse.

*FUNDING MECHANISM*:

Under the crime victim assistance program, each State is to receive $100,000 plus a proportion of any remaining available money in the fund based on that State's population in relation to the population in all States. States, in turn, use these grant monies to fund eligible crime victim services programs.

*RECIPIENTS WHO BENEFIT*:

Priority for awards for crime victim assistance programs is given to those providing assistance to victims of sexual assault, spouse abuse, or child abuse. To be eligible for funds, a crime victim assistance program must be operated by a public agency and/or nonprofit organization. If it is an existing program, it must demonstrate a record of providing effective services to crime victims and obtaining financial support from other sources. If it is a new program, it must demonstrate substantial financial support from other sources. In addition, an eligible program must, when possible, use volunteers to provide services, promote the coordination of crime victim

assistance activities, and assist victims in seeking available crime victims compensation benefits.

*SUMMARY OF FUNDING LEVELS*:

According to the Office of Justice Program, Office for Victims of Crime of the Department of Justice, $68.3 million had been collected in the fund by the end of 1985, half of which would be available for the victim assistance program.

E. INDIAN CHILD WELFARE ACT OF 1978: TITLE II (P.L. 95-608)

*PROGRAM PURPOSE AND HISTORY*:

Title II of the Indian Child Welfare Act authorizes grants to Indian tribes and organizations for Indian child and family programs. According to the Act, "the objective of every Indian child and family service program shall be to prevent the breakup of Indian families and, in particular, to ensure that the permanent removal of an Indian child from the custody of his parent . . . shall be a last resort."

Services include: (1) developing a system for licensing and regulating Indian foster and adoptive homes; (2) providing various kinds of family assistance, such as homemaker services and day care; (3) hiring of professionals to assist tribal courts in child welfare matters; (4) providing guidance and legal assistance to Indian families involved in custody proceedings; and (5) providing adoption subsidies for Indian children. Funds may also be used to provide a non-Federal matching share for other Federal programs which contribute to the purposes of the Indian Child Welfare Act.

*FUNDING MECHANISM*:

Federal funding for programs under the Act is in the form of annual project grants. According to the Social Services Division of the Bureau of Indian Affairs, which administers the Title II grant program, the number of grants awarded has declined from 190 in FY 1981 to an estimated 160 in FY 1986. During FY 1985, the average grant awarded was $57,000.

*RECIPIENTS WHO BENEFIT*:

The governing body of any tribe or tribes, or any Indian organization, including multi-service centers, is eligible to apply for a Title II project grant.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Funding (in thousands)* |
|---|---|
| 1980 | $5,500 |
| 1981 | 9,300 |
| 1982 | 9,600 |
| 1983 | 9,700 |
| 1984 | 8,700 |
| 1985 (estimate) | 8,820 |
| 1986 (estimate) | 8,820 |
| 1986 (Gramm-Rudman sequester) | 8,441 |

### F. INDIAN CHILD WELFARE ASSISTANCE PROGRAM: THE SNYDER ACT OF 1921 (P.L. 67-85)

*PROGRAM PURPOSE AND HISTORY*:

The Indian Child Welfare Assistance program, authorized by the Snyder Act of 1921, provides for foster home care and institutional care for dependent, neglected, and handicapped Indian children.

*FUNDING MECHANISM*:

Funds under this program, which is administered by the Bureau of Indian Affairs, are provided in the form of direct payments to individuals. In FY 1986, the amount of monthly assistance for each child is estimated to range from $100 to $1,000, depending on the type of care or treatment required, with the average amount estimated to be about $409.

*RECIPIENTS WHO BENEFIT*:

Dependent, neglected, and disabled Indian children and their families who live on Indian reservations or in jurisdictions under the Bureau of Indian Affairs in Alaska and Oklahoma may receive assistance under this program. In FY 1986, an estimated monthly average of 3,000 Indian children are expected to receive assistance.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Funding (in thousands)* |
|---|---|
| 1980 | $13,590 |
| 1981 | 13,630 |
| 1982 | 12,839 |
| 1983 | 13,370 |
| 1984 | 14,741 |
| 1985 | 14,741 |
| 1986 (estimate) | 14,699 |
| 1986 (Gramm-Rudman sequester) | 14,552 |

### G. CHILD ABUSE CHALLENGE GRANTS: FY 1985 CONTINUING APPROPRIATIONS (P.L. 98-473)

*PROGRAM PURPOSE AND HISTORY*:

The FY 1985 Continuing Appropriations (P.L. 98-473) authorized a Federal challenge grant program to encourage States to establish and maintain trust funds or other funding mechanisms to support child abuse and neglect prevention and treatment activities for FY 1985-1989.

*FUNDING MECHANISM*:

Each State's grant amount would be based on the lesser of 25% of the amount made available by the State for child abuse activities or on the number of children residing in the State multiplied by 52 cents.

*RECIPIENTS WHO BENEFIT*:

Under the program, States are eligible for grants if they have established or maintained during the previous fiscal year, a trust fund or some other funding mechanism to provide for certain child abuse and neglect prevention and treatment activities.

*SUMMARY OF FUNDING LEVELS*:

Five million dollars was included for this program in the FY 1985 Supplemental Appropriations (P.L. 99-88).

H. FOSTER GRANDPARENTS PROGRAM: DOMESTIC VOLUNTEER SERVICE ACT OF 1973, AS AMENDED (P.L. 93-113)

*PROGRAM PURPOSE AND HISTORY*:

The main purpose of the Foster Grandparents Program (FGP) is to help provide for the emotional, mental, and physical well-being of children by affording them close, personal, and continuing relations with an adult. They furnish a renewed sense of love and intimacy often missing in institutional environments. They also may assist in feeding and dressing the children, read, play games, and tell stories to them, and aid in speech and physical therapy and other care-giving activities that tend to maximize the functional capabilities of these children. The Foster Grandparents Program is administered by ACTION.

A goal for virtually every Foster Grandparent serving an institutionalized child is to assist that child to achieve his or her maximum degree of independent living. Several projects have established deinstitutionalization as the primary goal. Children to be served are professionally diagnosed as having the greatest potential for independent living. Foster Grandparents concentrate on teaching them how to cope with the outside world, and how to relate to others and the basics of daily living without the formal supports routinely supplied by institutions. In several instances, moderately mentally retarded or emotionally disturbed adult residents have been trained to function as Foster Grandparents to resident children, allowing them to feel needed and capable of giving to others.

Foster Grandparents serve in schools and hospitals for retarded, disturbed, and disabled children; in care centers, city hospital wards, and correctional institutions; in homes for disadvantaged, dependent, or neglected children; and other settings within the community. An increased percentage of Foster Grandparents are being encouraged to serve in settings dealing with literacy, drug abuse, and runaway youth.

In addition to a modest, tax-free stipend for their twenty hours per week of volunteer service, Foster Grandparents are provided, or have arranged for them, transportation to and from their volunteer stations. They receive an annual physical examination, accident and liability insurance coverage and are usually provided a nutritious meal on the days of their volunteer service, normally five days weekly. All of these benefits are non-taxable. They receive 40 hours of pre-service orientation and four hours of monthly in-service training. The low-income elderly volunteers are provided appropriate information pertinent to their assignments, as well as

information specifically relevant to benefits available to the aged poor.

*FUNDING MECHANISM*:

The director of ACTION is authorized to make grants to or contracts with public and nonprofit private agencies and organizations to cover the cost of projects designed to encourage low-income persons, age sixty and over, to provide supportive, person-to-person services to children with exceptional needs. Direct payments also are made to individuals providing these services.

The director consults with the Departments of Labor and Health and Human Services, and any other Federal agencies administering relevant programs with a view to achieving optimal coordination of projects with other public and private programs or projects carried out at the State and local levels. Other Federal agencies cooperate with the director in disseminating information about the availability of assistance and in promoting the identification and interest of low-income older persons whose services may be utilized in projects.

The Education for All Handicapped Children Act, P.L. 94-142, has moved many of these children out of institutions and into the public schools and has had the effect of increasing Foster Grandparent placements in public schools in an effort to increase the literacy of the children served. The volunteers are assigned at all grade levels.

*RECIPIENTS WHO BENEFIT*:

Since 1965, FGP has assisted needy older Americans and special needy children. Through current FGP project sponsors, an estimated 19,000 low-income Americans, age 60 or over (59% are age 70 or over), are enrolled as Foster Grandparents in their community. They receive a modest, tax-free stipend for providing 20 hours per week assisting a daily average of 65,000 children having exceptional or special needs (73% are age 12 or under, with 40% in the 0-5 age group). Most FGP projects are involved with children having various needs (economic disadvantage is not a criteria of need in FGP for children).

*PROVISIONS FOR COMMUNITY INVOLVEMENT*:

Volunteers from the community who meet the age and income eligibility limits can serve 20 hours a week and provide care on a one-to-one basis to three or four children. Current law allows a Foster Grandparent to continue providing services to a mentally retarded person over 21 years of age as long as that person was receiving services under the program prior to becoming 21. In order to enroll in the program, volunteers must meet specific income requirements. ACTION estimates that about 66,000 children with special needs are served on a daily basis.

*SUMMARY OF FUNDING LEVELS:*

| Fiscal year | Appropriation (in millions) |
|---|---|
| 1980 | $47.071 |
| 1981 | 48.232 |
| 1982 | 46.061 |
| 1983 | 48.369 |
| 1984 | 49.672 |
| 1985 | 56.068 |
| 1986 | 56.100 |

## 2. JUVENILE JUSTICE

### A. JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974, AS AMENDED (P.L. 93-415)

*PROGRAM PURPOSE AND HISTORY:*

The Juvenile Justice and Delinquency Prevention Act (JJDP) (P.L. 93-415) was passed by Congress in 1974 in response to increasing national awareness of the serious problem of juvenile delinquency. The Act created the Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the U.S. Department of Justice to implement and administer Federal juvenile delinquency programs and policies. The Act provides for prevention, diversion, training, treatment, rehabilitation, research and improvement of the juvenile justice systems in the United States.

The JJDP Act represented the first Federal legislation to address the problem of juvenile crime with a comprehensive, coordinated approach. OJJDP provides coordination of Federal delinquency programs; formula grants to States; special emphasis discretionary funds; technical assistance to governmental and nongovernmental agencies; research; evaluation of juvenile justice programs; training for juvenile justice practitioners and others; development of standards for juvenile justice; and dissemination of information on delinquency and juvenile justice programs. The Act was reauthorized in 1977, 1980, and 1984. Current authorization expires on September 30, 1988.

OJJDP is comprised of four divisions:

(1) The Training, Dissemination, and Technical Assistance Division (TDTAD), a section of the National Institute for Juvenile Justice and Delinquency Prevention (NIJJDP), is responsible for programs that train professional, paraprofessional, and volunteer personnel, and others who work with juvenile offenders and their families. Additionally, the TDTAD serves as a clearinghouse and information center for the preparation, publication, and dissemination of all information regarding juvenile delinquency. The Division provides for technical assistance to Federal, State, and local governments, courts, public and private agencies, institutions, and individuals in planning, establishing, funding operating, or evaluating juvenile delinquency programs.

(2) The Research and Program Development Division, also part of NIJJDP, develops estimates and monitors trends in ju-

venile delinquency in the United States; improves understanding of the causes of juvenile delinquency and the development of delinquent and criminal careers; develops effective prevention strategies; improves the justice system's handling of juvenile offenders; and develops effective alternatives for the national juvenile justice system. Under each of these objectives, special attention is focused on serious juvenile crime.

(3) The Special Emphasis Division provides discretionary funds directly to public and private agencies, organizations, and individuals to foster new approaches to delinquency prevention and control. The Division is currently developing, testing, and implementing selected research and demonstration programs in such areas as the chronic juvenile offender, school crime, and the exploitation of children.

This part of the Act specifically authorizes programs to strengthen and maintain the family unit as the primary source of prevention and treatment of delinquency, and supports law-related education. Other themes that Special Emphasis projects should address include community-based alternatives to institutionalization, diversion programs, including restitution and reconciliation, advocacy activities, serious offender and gang intervention projects, and programs related to the special education and social needs of delinquent youth.

(4) The State Relations and Assistance Division provides funds to States participating in the implementation of the mandates of the JJDP Act. In return for receiving funding under the JJDPA, each State agrees to pursue three goals:

(a) Deinstitutionalization of Status Offenders (DSO) and Non-offenders—removing youths, who have committed offenses which would not be crimes if they were adults (e.g., running away, drinking under age, truancy) or have committed no offense (e.g., abused and neglected), from secure institutions and placing them instead in nonsecure facilities (e.g., runaway shelters or protective services).

(b) Removal of Children from Adult Jails and Lockups—This means no children in any area of any adult jail or lockup. Of the three mandates, this is the most difficult and expensive for the States.

(c) Separation of Juvenile and Adult Offenders—This applies to facilities which are not jails and lockups (e.g., prisons) and requires the complete (sight and sound) separation of juveniles and adults.

The Concentration of Federal Effort (CFE) Program, also under OJJDP, promotes a unified effort at the Federal level to address the multitude of issues regarding juvenile delinquency. CFE was designed to assist agencies that have some responsibility for juvenile delinquency prevention and treatment programs and to help implement programs among and between departments and agencies that can have an important bearing on the success of the overall Federal juvenile delinquency effort.

The Juvenile Justice and Delinquency Prevention Act also assigns OJJDP the responsibility for coordinating and providing policy direction for all Federal juvenile delinquency-related programs. Two groups created by the legislation play important roles

in this effort: the Coordinating Council on Juvenile Justice and Delinquency Prevention and the Advisory Board on Missing Children.

The Coordinating Council is an independent organization within the Executive Branch. The Council's members include the Administrator of OJJDP, the Secretary of Labor, the Secretary of Health and Human Services, and key representatives of other Federal agencies concerned with juvenile justice issues. The Council meets four times a year and makes recommendations annually to the Attorney General and the President on all Federal juvenile delinquency programs.

The Missing and Exploited Children's Program was established in the JJDP Act of 1984 in response to the distinct need for coordinating resources, developing, standardizing, and disseminating effective policies and procedures across all jurisdictions, and providing a central focus for research, data collection, policy development, and information regarding missing and exploited children. The Program is discussed in more detail elsewhere in this document.

The Advisory Board on Missing Children, authorized by the 1984 legislation, consists of nine members appointed by the Attorney General, including a law enforcement officer, a prosecutor, an official of State government, and members of the public who have experience related to missing children. The Advisory Board meets quarterly and advises the Attorney General and Administrator of OJJDP regarding coordination of missing children's programs and activities carried out by the Federal Government.

*FUNDING MECHANISM*:

The majority of funds, 81.5%, are split between the State Formula Grant program and the Special Emphasis program. Formula Grant funds are allocated to States on the basis of their relative population of people under 18, while the Special Emphasis program receives between 15% to 25% of the majority of available funds.

Accounting for almost two-thirds of the total OJJDP budget, the Formula Grants section coordinates the distribution of the monies to States for the development and maintenance of juvenile justice programs. All States are eligible for a minimum of $225,000 per year. Of the 81.5% of the available funds, as much as 85% of that percentage can go to the State.

*RECIPIENTS WHO BENEFIT*:

States are the recipients of funds provided under the Formula Grants program. States then award grants to public and private agencies that provide services such as treatment and alternative placements.

B. RUNAWAY AND HOMELESS YOUTH ACT: TITLE III, JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT, AS AMENDED (P.L. 98-473)

*PROGRAM PURPOSE AND HISTORY*:

The Runaway and Homeless Youth Act authorizes grants, technical assistance, and short-term training to States, localities, private entities, and coordinated networks for facilities to deal with the immediate needs of runaway youth and assistance to their families.

The program is administered by the Family and Youth Services Bureau of the Administration for Children, Youth, and Families in the Department of Health and Human Services (DHHS).

Originally authorized in 1974 under the Juvenile Justice Delinquency and Prevention Act, the Runaway Youth program has been amended to broaden the definition of a runaway to include previously unidentified and unserved population of homeless youth. Amendments have also encouraged family reunification when appropriate.

The Act authorizes supplemental grants to runaway centers which are developing model programs for repeat runaways and their families in conjunction with local juvenile court and social services personnel, although the program does operate outside of the juvenile justice and law enforcement systems. The Act also authorizes grants for national communication networks to assist runaway and homeless youth to communicate with their families and service providers. On-the-job training can also be provided to runaway and homeless youth personnel and coordinated networks of local law enforcement, social service, and welfare personnel to assist them in recognizing and providing for learning disabled and other handicapped juveniles.

*FUNDING MECHANISM*:

Funds are distributed equitably among States based upon their respective populations of youth under the age of 18 years. Individual grantees award amounts are determined by the number of runaway and homeless youth in the community to be served and the availability of services for such youth. A 10% non-Federal cash or in kind match is required.

Current funded projects include 220 local facilities that provide temporary shelter, counseling, and after-care for runaway or other homeless youth. In addition, the National Communications System/National Runaway Switchboard, a toll-free communications hotline for runaway and homeless youth and their families is funded under this program.

*RECIPIENTS WHO BENEFIT*:

To be eligible for assistance under this program, an applicant must propose to establish, strengthen, or fund an existing or proposed runaway center, a locally controlled facility providing temporary shelter and counseling services to juveniles who have left home without permission of their parents or guardians or to other homeless juveniles.

DHHS estimates that a total of 305,500 youth were served by the centers during FY 1984. This included 60,500 youth who received residential shelter services. Additionally, an estimated 250,000 youth and families received services through the National Runaway Switchboard.

Of the estimated 60,500 youth receiving ongoing residential center services, 58.7% were female and 41.3% were male. Nearly 45.2% of these youth were age 15 or 16. Sixty-nine percent are white, 20% black, 7% Hispanic, and 4% represent other racial and ethnic backgrounds.

Runaways comprised 37% of all clients receiving services. A significant number of homeless youth (34%) were also served, including young people who had been pushed out of their homes or who had mutually agreed with their parents or guardians to leave. Slightly over 30% of all youth seeking services were either contemplating leaving home or sought assistance for a non-runaway related problem.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $11.0 |
| 1981 | 11.0 |
| 1982 | 10.5 |
| 1983 | 21.5 |
| 1984 | 23.25 |
| 1985 | 23.25 |
| 1986 (Gramm-Rudman sequester) | 22.25 |

C. MISSING CHILDREN'S ASSISTANCE ACT: TITLE IV, JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974, AS AMENDED, (P.L. 93-415)

*PROGRAM PURPOSE AND HISTORY*:

The Missing Children's Act, administered by the OJJDP, provides Federal assistance to public and private agencies to address the national problem of misssing children. The Act was enacted in 1984 as Title IV of the Juvenile Justice and Delinquency Prevention Act.

The OJJDP Administrator has specific responsibilities to: facilitate coordination among Federal agencies involved in activities related to missing children; establish a national toll-free telephone line and a national resource center and clearinghouse; and to analyze, compile, publish, and disseminate an annual summary of recently completed research related to missing children.

The Act also requires the establishment of a 9-member Advisory Board on missing children which advises the Administrator and the U.S. Attorney General on the coordination of Federal programs that relate to missing children; advises the Administrator on priorities for grants and contracts; and approves a comprehensive plan for facilitating cooperation and coordination among all agencies and organizations related to missing children.

*FUNDING MECHANISM*:

The OJJDP Administrator is authorized to make grants and enter into contracts with public agencies, or nonprofit private organizations for research and demonstration projects, or service programs. Grants are awarded to organizations for programs designed to educate parents, children, and community organizations in order to prevent the abduction and sexual exploitation of children; to provide assistance in locating and returning missing children; to aid communities in the collection of information in the identification of missing children; and to increase knowledge of and develop

effective treatment pertaining to the psychological consequences for both parents and children.

*RECIPIENTS WHO BENEFIT*:

Recipients who benefit directly are those organizations and agencies that receive grants or enter into contracts with OJJDP. Indirectly, parents of missing children and those children who are returned to their rightful guardians benefit most from this program.

*SUMMARY OF FUNDING LEVELS*:

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1985 | $4.0 |
| 1986 (Gramm-Rudman sequester) | 3.8 |

### 3. Subsidized Housing Programs (P.L. 75-412)

*PROGRAM PURPOSE AND HISTORY*:

The subsidized housing programs of the Department of Housing and Urban Development (HUD) were first authorized by the United States Housing Act (P.L. 75-412), which grew out of the Reconstruction Finance Corporation and the Public Works Administration. These programs currently help house approximately 4 million low-income households. Budget cuts have been severe over the last five years. In FY 1981, HUD's subsidized housing appropriation stood at $30 billion. The 1986 appropriation stood at $9.9 billion.

Federally subsidized housing programs all have the same basic goal: to provide safe, sanitary housing for families who otherwise might be forced to live in substandard conditions. The following is a brief description of each program and the population served.

#### A. PUBLIC HOUSING: UNITED STATES HOUSING ACT OF 1937 (P.L. 75-412)

Under the public housing program, units are provided to low-income families and single persons in projects owned by public housing authorities (PHA's). PHA's can acquire or lease any property for low-income housing. They are authorized to issue notes and bonds to finance the acquisition, construction and improvement of projects. For the most part, they own their projects and are responsible for their general development as well as their management and operation.

Development funds are provided by the Federal Government, either by means of contracts to pay the debt service on bonds or notes issued by a PHA, or by a loan of the entire development cost. There has been a major change over the years in the method of distributing money for public housing development. In the past, HUD would accept proposals from PHA's and act on them as funds become available. Now, a Notice of Housing Assistance Availability (NOHAA) is issued to PHA's which indicates the contract authority available for a certain area, the number of units by household types and type of housing for which applications will be accepted.

PHA's normally have 35 days to submit applications, but this deadline can be extended by the field office if necessary.

Eligibility for assistance under the Public Housing program is limited to families with adjusted incomes below 80% of the area median income. However, due to an effort by Congress to target assistance to the most needy, most of the units are rented to families with incomes below 50% of the median. Preference is to be given, by law, to those households displaced by government action, living in substandard housing, or paying over 50% of their income as rent. Assisted households pay 30% of their adjusted income as rent.

*SUMMARY OF FUNDING LEVELS:*

FUNDING FOR PUBLIC HOUSING

[In millions of dollars]

| Fiscal year | Contract authority | Budget authority |
|---|---|---|
| 1980 | 227.2 | $6,492.6 |
| 1981 | 293.9 | 7,332.0 |
| 1982 | 184.4 | 3,923.3 |
| 1983 | 159.2 | 3,521.6 |
| 1984 | 140.2 | 3,429.0 |
| 1985 | 168.6 | 3,533.0 |
| 1986 | | 881.2 |

B. SECTION 8: HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974 (P.L. 93-383)

The Section 8 program for leased housing for low-income families currently is the major means of providing Federally subsidized housing to families with incomes too low to obtain decent housing in the private market. Under Section 8, HUD pays the owner of a rental unit the difference between a contract rent, based on a HUD-determined Fair Market Rent, and the tenant's payment, which is 30% of his or her adjusted income.

Prior to 1983, Section 8 funds were used to construct or rehabilitate apartments for low-income tenants. Since 1983, there has been no authority to construct or rehabilitate Section 8 units except for those units reserved in conjunction with the Section 202 housing program for the elderly and handicapped.

Section 8 assistance is now realized primarily through the use of Section 8 rental certificates in the Existing Housing Program. Eligible tenants have incomes below 80% of the area median, adjusted for family size. As in the public housing program, preference in assistance is given to those families displaced by government action, living in substandard units, or paying more than 50% of their income as rent. Units may be rented from any willing private landlord or housing authority, but they cannot be in public housing projects.

*SUMMARY OF FUNDING LEVELS*:

FUNDING FOR SECTION 8 ASSISTED HOUSING

[In millions of dollars]

| Fiscal year | Contract authority | Budget authority |
|---|---|---|
| 1980 | $993.5 | $18,067.1 |
| 1981 | 1,155.1 | 24,950.7 |
| 1982 | 802.8 | 13,274.9 |
| 1983 | 519.7 | 8,651.9 |
| 1984 | 720.8 | 10,062.9 |
| 1985 | 847.5 | 10,759.5 |
| 1986 | 537.5 | 9,965.6 |

C. SECTION 202: HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974 (P.L. 93-383)

The Section 202 program provides construction and direct 40-year permanent financing loans to nonprofit sponsors for the construction or substantial rehabilitation of housing projects for the elderly and disabled. The interest rate for these loans is based on the average interest rate of all interest-bearing obligations of the United States which form a part of the public debt, plus an amount to cover administrative costs. This rate is set by Congress, and is currently 9.25%.

An important aspect of the Section 202 program is that all projects must meet the requirements for, and receive the benefits of, leased housing assistance payments under the Section 8 program. This means that low-income tenants would not pay more than 30% of their incomes as rent. Also, Congress sets aside a certain amount of the Section 202 funding for the development of housing and related facilities designed specifically to meet the needs of the non-elderly disabled. Annually, this amount has been approximately 15% of the total funding for the Section 202 program.

To be eligible for occupancy in a Section 202 project, a person must be at least 62 years of age, or disabled and at least 18 years of age. Also, two or more elderly or disabled persons living with another person who is determined by HUD, based on a licensed physician's certification, to be essential to the care or well-being of the tenant, is eligible for housing in a Section 202 project.

*SUMMARY OF FUNDING LEVELS*:

Since Section 202 is a direct loan program, a limitation on lending is established by Congress for each fiscal year.

*Section 202 Lending Limitations*

| *Fiscal year* | *(Millions)* |
|---|---|
| 1980 | $830.0 |
| 1981 | 895.0 |
| 1982 | 850.8 |
| 1983 | 634.2 |
| 1984 | 664.4 |
| 1985 | 600.0 |

*Section 202 Lending Limitations—Continued*

| *Fiscal year* | *(Millions)* |
|---|---|
| 1986 | 525.9 |

D. HOUSING VOUCHERS: HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983 (P.L. 98-181)

The housing voucher program is HUD's newest rental assistance program. Under this program, the Federal Government subsidizes the rents of eligible tenants by paying the difference between a rent standard established by HUD and 30% of the tenant's adjusted income. The tenant presents a voucher to the landlord. Upon submission to HUD, the landlord receives a direct rent subsidy.

This does not necessarily mean that a tenant pays 30% of his or her income as rent; he or she can pay more or less depending upon whatever rent is negotiated with the landlord. If the contracted rent is less than the rent standard, the tenant pays less than 30% of income as rent; if it is more, a higher percent is paid. Eligible tenants are those with income below 80% of the area median.

*SUMMARY OF FUNDING LEVELS*:

FUNDING FOR HOUSING VOUCHER PROGRAM

[In millions of dollars]

| Fiscal year | Contract authority | Budget authority |
|---|---|---|
| 1984 | $48.4 | $242.1 |
| 1985 | | 774.3 |

E. SECTION 235: NATIONAL HOUSING ACT (P.L. 90-448)

The Section 235 program provides homeownership assistance for low- and moderate-income households. Under this program HUD insures the mortgage and makes a payment to the mortgage lender in order to enable a low or moderate income homebuyer to get a loan at a reduced rate of interest. The program began in 1968 and was revised in 1976. The changes in the program did not affect the amount of the subsidy, but did affect mortgage terms.

Currently, the homeowner must pay 28% of income or an interest rate which varies with market conditions. This interest rate is now 4%. In addition, at the time of purchasing the home, the homeowner must make a 3% down payment. To be eligible to buy a home with Section 235 assistance, the purchaser's income must be below 95% of the median area income. The maximum mortgage amount for a single family home is $40,000 ($47,000 in some high cost areas), except for large families for whom limits are raised to $47,500 and $55,000 respectively. Assistance is provided for 10 years and can be renewed by HUD. If the dwelling should be resold by the family obtaining assistance, the amount of the subsidy received or half of the net appreciation on the property, whichever is less, must be repaid to HUD.

*SUMMARY OF FUNDING LEVELS:*

FUNDING FOR SECTION 235 HOMEOWNERSHIP ASSISTANCE

[In millions of dollars]

| Fiscal year | Contract authority | Budget authority |
|---|---|---|
| 1980 | | |
| 1981 | $70 | $2,100 |
| 1982 | | |
| 1983 | | |
| 1984 | | |
| 1985 | 15 | 150 |
| 1986 | | |

## 4. Urban Development

### A. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) (P.L. 93-383)

The Community Development Block Grant (CDBG) program was first authorized under Title I of the Housing and Community Development Act of 1974, as amended, P.L. 93-383. The program replaced seven categorical programs previously administered by the Department of Housing and Urban Development (HUD), including urban renewal, model cities, and community facilities grants. The consolidation of activities previously funded by categorical grants into a block grant format provides communities with greater autonomy in addressing their community development needs, and minimizes Federal red tape and duplication.

CDBG's are awarded annually, on an entitlement basis, to central cities of metropolitian areas, to cities with populations of 50,000 or more, to urban counties, and to States for distribution to nonurban counties and communities with populations of less than 50,000 persons. Seventy percent of the amount appropriated is allocated among entitlement communities and 30% goes to States for distribution to nonentitlement communities. Funds are allocated according to one of two distribution formulas, whichever the higher amount. In 1985, the number of entitlement communities totaled 8,110.

Local government administering agencies may undertake a variety of activities to promote neighborhood revitalization and community and economic development. These include the acquisition and disposition of property, housing rehabilitation, historic preservation, energy conservation, public works construction and repairs, the construction of community facilities, except those structures associated with the general conduct of local government, public services, assistance to community-based groups, open space acquisition, economic development, code enforcement, cost associated with relocation of individuals and businesses, the removal of architectural barriers to the elderly and the disabled, planning and urban design, and administrative activities. Funds may be used to meet the non-Federal share requirements of other Federal programs.

### B. URBAN DEVELOPMENT ACTION GRANTS (UDAG) (P.L. 93-383)

The Urban Development Action Grant (UDAG) program was first authorized in 1977, as an amendment to Title I of the Housing and Community Development Act of 1974. The program is intended to provide supplemental assistance, beyond what a community may receive under the CDBG program, to communities meeting certain minimum standards of economic distress. It should be noted that in contrast to the CDBG program, in which grants are awarded on an entitlement basis, eligible communities must compete for funding based on the comparative degree of distress and a project's anticipated fiscal and employment impacts.

UDAG funds are used by local governments to undertake eligible activities in conjunction with private sector economic development projects. The primary objectives of the program are the retention or creation of private sector jobs and the enhancement of a community's tax base. Activities listed as eligible for CDBG funding may also be eligible for UDAG funding if they meet the program's objectives. When submitting an application for UDAG funding a sponsoring local government must, as a condition of funding, show evidence of a firm private sector financial commitment to a proposed project. Proposed projects must have a minimum leveraging ratio of $2.5 private sector dollars for every $1 in UDAG funding requested.

Communities with populations of less than 50,000 persons that meet the program's definition of economic distress must receive at least 25% of the funds appropriated, and nondistressed communities containing pockets of poverty can receive up to 20% of the appropriated funds. The remaining funds are awarded to distressed cities with populations of 50,000 or more and to distressed urban counties. Over 10,000 small communities and 473 large communities are eligible to compete for funding.

Section 119(c)(3) of the Act requires a community, when applying for UDAG assistance, to certify that it has: held public hearings to obtain the views of citizens regarding the proposed project, particularly residents of the area in which the project is to be located; undertaken an analysis of the proposed project's impact on residents of the project area, particularly the impact on low- and moderate-income residents; and made a copy of the impact analysis available to interested residents or organizations located in the proposed project area. In addition, it is possible that community based organizations could initiate and administer UDAG projects.

Title I of the 1974 Act requires a community to submit to HUD, on an annual basis, a "Statement of Activities" outlining projects it proposed to undertake during the program year. A proposed project can be undertaken only if it addresses one of three national objectives. The activity must: (1) primarily benefit low- and moderate-income persons, defined as those with incomes at, or less than, 80% of the median income of the jurisdiction; (2) aid in eliminating slums or blight; or (3) meet an urgent community development need that poses a threat to the health and safety of the community. States and entitlement communities are required to allocate at least 51% of their funds to activities that primarily benefit low and moderate income persons.

Section 104(a)(2) of the Act requires entitlement communities to furnish interested citizens and organizations with information on the amount of funds available for community development activities, the range of activities that may be undertaken, and information on how the community plans to minimize the displacement impact of proposed activities on low- and moderate-income persons. In addition, communities are required to provide citizens with an opportunity to review and comment on the proposed "Statement," and to hold at least one public hearing in order to obtain the views of citizens regarding community development and housing needs.

Also, the Act requires a community to consider the views and comments it receives from the public, and if it deems it appropriate to modify its final "Statement of Activities" before submission to HUD. The Act requires a community to make a copy of the final "Statement" available to citizens at their request. Section 104(d) of the Act requires each community to include, as a part of its evaluation and performance report to HUD, summaries of comments it has received from citizens and organizations regarding its community development program. The report describes the progress the community has made in addressing the community development and housing needs identified in its previous year "Statement of Activities."

*CDBG Appropriations and Outlays for Fiscal Years 1979–86*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $3,752 |
| 1981 | 3,695 |
| 1982 | 3,456 |
| 1983 | 4,456 |
| 1984 | 3,468 |
| 1985 | 3,472 |
| 1986 | 3,000 |
| 1986 (Gramm-Rudman sequester) | 2,990 |

*UDAG Appropriations*

| *Fiscal year* | *Appropriation (in millions)* |
|---|---|
| 1980 | $675 |
| 1981 | 675 |
| 1982 | 440 |
| 1983 | 440 |
| 1984 | 440 |
| 1985 | 440 |
| 1986 | 330 |
| 1986 (Gramm-Rudman sequester) | 316 |

### C. GENERAL REVENUE SHARING: STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972 (P.L. 92-512)

Congress created the Revenue Sharing Program with the passage of the State and Local Fiscal Assistance Act of 1972 (P.L. 92-512). The program was renewed and modified in 1976 and 1980, and then terminated at the end of FY 1986. Revenue sharing was originally

conceived as a way of sharing the progressive Federal income tax with State and local governments which traditionally had to depend on more regressive taxes. Its major goal was to disburse Federal funds with minimum restrictions on use, permitting the local decision making process to determine the programs and activities where the money is most needed.

Funds received by local governments may be used for operating and maintenance expenditures only within eight priority categories: public safety, environmental protection, public transportation, health, recreation, libraries, social services, and financial administration, and for any capital expenditure authorized by law. Two separate hearings, one a "proposed use hearing" and the other a "budget hearing" must be held. Notice of each of these hearings must be published in a newspaper of general circulation. Local news media, including minority and bilingual media, must be advised that the hearings have been scheduled. In addition, reports and all background information must be available for public inspection.

According to the Census Bureau, Federal general revenue sharing funds equaled 6.7% of all revenues available to local governments. Cities of all sizes committed a substantial portion of their GRS funds to senior citizens, alternative transit programs, social services and emergency relief, and external community-based social service agencies. Generally, one-third of all GRS money was used for these programs.

BUDGET AUTHORITY AND OUTLAYS FOR GRS

[In thousands of dollars]

| Fiscal year | Budget authority | Outlays |
|---|---|---|
| 1980 | 6,854,924 | 6,828,935 |
| 1981 [1] | 4,569,949 | 5,136,892 |
| 1982 | 4,566,700 | 4,568,627 |
| 1983 | 4,566,700 | 4,614,383 |
| 1984 (estimate) | 4,566,700 | 4,566,588 |
| 1985 | 4,566,700 | 4,610,073 |
| 1986 (estimate) [2] | 4,201,364 | 4,201,364 |

[1] In 1981, the States share of GRS funds was eliminated.
[2] In its fiscal 1986 budget, the Reagan administration proposed the termination of the GRS program after fiscal 1985, 1 year before its authorization expired. The 99th Congress, in the HUD appropriations, provided for GRS payments for fiscal 1986, but with an 8.4-percent reduction, all to fall in the 4th quarter of 1986.

### D. ENTERPRISE ZONES

The stated purpose of enterprise zones is to stimulate the creation of new permanent jobs, particularly for disadvantaged workers and long-term unemployed individuals, and to promote economic revitalization and job creation in distressed areas. Federal and State officials hope a rebirth of the inner cities will take place by providing tax incentives and permitting regulatory relief in designated zones.

Enterprise zones are not a new idea. They have been tried, with mixed results, in a number of countries around the world. The viability of the enterprise zone concept, and its capacity to inject renewed economic interest in inner cities, has been questioned by

many urban development experts. Critics maintain that there are a number of factors, in addition to the tax incentives and regulatory relief provided by enterprise zones, which influence employers' decisions on where to locate their operations. These additional considerations include: proximity to a skilled and unskilled labor force; access to the markets to distribute the products produced; decent, affordable housing; good schools and health facilities; access to mass transportation, along with maintenance and improvements in the existing highway system: crime in the area, and the availability of child care.

Many of the 26 States that have adopted enterprise zone measures will not realize the full benefit of their state laws because several are linked to the passage of Federal enterprise zone legislation. Several Federal enterprise zone bills have been introduced in the House of Representatives. The two versions that have received the most attention are H.R. 1177, introduced by Congressman Parren Mitchell and H.R. 3232, sponsored by Congressman Robert Garcia and Jack Kemp. The Garcia/Kemp bill is endorsed by the Administration and carries with it the tax and regulatory relief provisions that they believe will aid distressed areas. The legislation proposed by Representative Mitchell adds a training component and the targeting of existing community development dollars. The Department of Housing and Urban Development (HUD), which would administer the enterprise zone program, estimates there are more than 1,300 designated zones in over 600 jurisdictions throughout the United States. HUD says that a conservative estimate of the economic impact of the state zones would show that some 75,000 jobs have been retained or created and more than $2.5 billion of capital investment has been realized. A number of States, desperate for ways to attract new investment in distressed areas, have moved to implement their zones.

### E. SMALL BUSINESS ADMINISTRATION (SBA) (P.L. 83-163)

The movement to aid and organize the small businesses of this country can be traced to the creation of the Temporary National Economic Committee (TNEC) in 1938. An early Committee report dealt with the causes of small business mortality. Among the areas cited as directly related to small business failures were a lack of managerial competency, access to credit, government regulations, and the struggle for marketing control.

Then in 1942, the Smaller War Plants Corporation (SWPC) was established, "to mobilize aggressively the production capacity of all small business concerns and to determine the means by which such concerns can be most efficiently utilized to augment war production." SWPC was the first Federal agency to assist small firms. It had authority to make loans and also participated in bank loans to small firms.

But SWPC's work came to an end in 1946 when its lending authority was transferred to the Reconstruction Finance Corporation (RFC), the agency created in 1932 to help pull the country out of the depression. It was not until 1951 that a second temporary small business agency—the Small Defense Plants Administration (SDPA)—was created principally to assist small firms to participate

in defense production during the Korean conflict. Its lending authority, however, was limited to recommending firms to the RFC.

With SDPA phasing out, the Small Business Administration (SBA) was created on July 30, 1953 (P.L. 83-163), as the first independent agency of the Federal Government ever established in peacetime solely to advise and assist small business concerns. SBA was made a permanent independent agency in 1958.

The Small Business Administration (SBA) makes direct loans and guarantees loans made by banks and other financial institutions to small concerns; licenses and regulates small business investment companies, a source of equity and venture capital assistance for small concerns; guarantees payments of small businesses for required pollution control facilities; guarantees surety bonds for small contractors; provides management and technical assistance to firms receiving SBA financial assistance and to other small concerns; and provides procurement assistance help to small concerns in buying from and selling to the Federal Government.

SBA's specific lending objectives are to (1) stimulate small business in deprived areas; (2) promote small business' contribution to economic growth; and (3) promote minority enterprise opportunity. Small contractors, manufacturers, wholesalers, retailers, service concerns and other businesses, including agricultural enterprises, may use SBA assistance to construct, expand, or convert facilities, purchase buildings, equipment, materials or obtain working capital. SBA may not make a loan if a business can obtain funds on a reasonable basis from a bank or other private source. Applicants must seek private financing from a local bank or other lending institutions before applying to SBA.

For loan purposes, SBA defines a small business as a concern, including its affiliates, which is independently owned and operated, not dominant in its field and which falls within employment or sales standards developed by the agency. For most industries, these standards are as follows:

MANUFACTURING—the number of employees does not exceed 1,500, depending on the industry;

SERVICES—the annual sales do not exceed $2 million to $8 million, depending on the industry in which the applicant is primarily engaged;

CONSTRUCTION—general construction: the annual receipts do not exceed $9.5 million for the three most recently completed fiscal years. Special trade construction: small if the annual average receipts do not exceed $1 million to $2 million for the three most recently completed fiscal years;

RETAILING—the annual sales or receipts do not exceed $2 million to $7.5 million, depending on the industry; and

AGRICULTURE—the annual receipts do not exceed $1 million.

The SBA has a number of different types of loan programs. They include: regular business loans; handicapped assistance loans; economic opportunity loans; solar and energy conservication loans; Vietnam and disabled veterans loans; development company loans; small business investment companies; business loan and investment fund; disaster loans; pollution bond guarantees; and surety

bond guarantees. All of these loan programs are targeted to help specific segments and sectors of our economy.

The SBA also has a number of programs designed to provide additional business opportunities for minority individuals. The types of assistance offered include:

COMMUNITY DEVELOPMENT—local groups interested in stimulating the planned economic growth of their community by aiding other small businesses in their area are given help in forming local development companies.

SECTION 8(a) PROGRAM—SBA, acting as prime contractor, subcontracts to small firms owned and controlled by economically and socially disadvantaged individuals which are interested in obtaining government contracts. In addition, management and technical help is included in this service. The 8(a) program assists in the expansion and development of existing, newly organized, or prospective profit-oriented small business concerns owned and controlled by eligible disadvantaged persons.

Among the basic eligibility requirements for participation in the 8(a) program are: the principals of the firms being developed must be persons of good character; they are expected to be engaged full-time in day-to-day business operations and management; there can be no absentee ownership. Small business concerns must submit a business plan with specific targets, objectives, and goals aimed at correcting the economic impairment which, in part, qualified the firm for the 8(a) program. The firms or businesses involved in the program must be operated for profit.

FINANCIAL ASSISTANCE—SBA can make direct business loans to minority borrowers when funds are available. A specific amount of direct loan and loan guarantees authority is reserved only for businesses located in areas of high unemployment or businesses owned by low-income individuals.

MANAGEMENT ASSISTANCE—In addition to SBA's own management assistance specialists, the agency can contract for private sector business consultants to counsel businesses owned by socially or economically disadvantaged individuals or businesses located in areas of high unemployment.

LONG TERM AND EQUITY CAPITAL—Specialized investment companies may provide equity funds, long-term loans and management assistance to small firms owned by socially or economically disadvantaged persons.

BONDING ASSISTANCE TO CONSTRUCTION FIRMS—Minorities can benefit from surety bond guarantees up to $1,000,000 on construction contracts. Contract financing may be available to any small firm with an assignable contract.

SBA DIRECT LOANS AND LOAN GUARANTEES

[In millions of dollars]

| Fiscal year | Minority loans | Direct loans | Loan guarantees |
|---|---|---|---|
| 1980 | $6,049 | $361.0 | $3,027.0 |
| 1981 | 5,240 | 292.0 | 2,901.0 |
| 1982 | 2,521 | 150.8 | 1,631.6 |
| 1983 | 2,673 | 122.3 | 2,426.6 |

SBA DIRECT LOANS AND LOAN GUARANTEES—Continued

[In millions of dollars]

| Fiscal year | Minority loans | Direct loans | Loan guarantees |
|---|---|---|---|
| 1984 | 3,095 | 144.2 | 2,855.7 |
| 1985 | 2,795 | 129.9 | 2,666.4 |

F. ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) (P.L. 89-136)

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 (P.L. 89-136). As part of the Department of Commerce, EDA administers a variety of programs designed to generate new jobs, to help protect existing jobs, and to stimulate commercial and industrial growth in economically distressed areas of the United States. EDA assistance is available in rural and urban areas experiencing high unemployment, low incomes, or sudden and severe economic distress.

The basic programs include: public works grants to public and private nonprofit organizations and Indian reservations to help build or expand facilities essential to industrial and commercial growth. Typical projects are industrial parks, access roads, water and sewer lines, and port and airport terminal developments. EDA also makes grants to help in the construction of useful public facilities in areas of high unemployment.

In 1961, Congress passed the Area Redevelopment Act (P.L. 87-27), which established the Area Redevelopment Administration (ARA). Designed to stimulate growth in high unemployment areas, the Act authorized loans to companies to relocate or expand existing facilities in economically distressed areas. State and local governments were eligible for financial aid to make improvements in public facilities required for industrial and commercial development. Also, occupational training and subsistence allowances for unemployed workers in development areas were authorized. EDA is the successor agency to ARA.

EDA provides loan guarantees to industrial and commercial firms, local development companies, and Indian-owned business enterprises. Proceeds from the loans may be used for working capital to maintain and expand operations or for fixed assets such as purchase of land, construction of plants, and the purchase of machinery and equipment.

Technical assistance and grants are made to enable communities and firms to find solutions to problems that stifle economic growth. Under the technical assistance program, funds are used for studies to determine the economic feasibility of resource development to establish jobs and to provide assistance to help businesses overcome a wide range of management and technical problems through university centers.

Planning grants are made available to States, cities, districts, and Indian reservations to help pay for the expertise needed to plan, implement, and coordinate comprehensive economic development programs.

EDA offers special economic adjustment assistance to assist State and local governments in solving recent and anticipated severe adjustment problems, resulting in abrupt and serious job losses, and to help areas implement strategies to reverse long-term economic deterioration.

Between FY 1966 and FY 1984, EDA funded a total of 6,809 projects, with a Federal dollar expenditure of $3,610,807,000. President Reagan has tried to eliminate EDA in each of his budget requests to Congress. The agency has survived, but at reduced levels of funding.

*Economic Development Administration*

| *Fiscal year* | *Funding (in millions)* |
|---|---|
| 1980 | $415,113 |
| 1981 | 323,429 |
| 1982 | 197,214 |
| 1983 | 297,269 |
| 1984 | 239,937 |
| 1985 | 203,000 |
| 1986 | 175,000 |



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